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Weekend FT
The Old Lady's
new battlefield

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY, JULY 22, 1994

Salomon Brothers reports second quarter \$410m loss

Plunging stock values and a fall-off in trading and underwriting activity drove Salomon Brothers, the securities broker, into a heavier than expected second-quarter loss of \$410m before tax. This left Salomon, the parent group, with a quarterly net loss of \$204m, or \$2.06 a share. In the same quarter of last year, net income amounted to \$438m, or \$3.32 a share. Although the group warned Wall Street of its poor second quarter two weeks ago, the scale of losses surprised analysts. Page 15

Blair new UK Labour party leader: Britain's opposition Labour party elected Mr Tony Blair as its new leader by a decisive margin, giving him a clear mandate to push the party further into the political centre ground. Page 14; Smith's legacy. Page 8; Joe Rogaly, Page 12

Sony, the consumer electronics company, said it was halting production at its plant at Atsuta, outside Nagoya, where it produces printed circuit boards for video cameras, because of a decline in the domestic market. It will consolidate domestic production at its other Japanese plant. Page 14

Brady investment in Peru: A company formed by former US Treasury Secretary Nicholas Brady to invest in Peru's commercial banking sector, rated a high risk while it awaits a Brady plan to reschedule its debt. Page 3

AT&T: The largest US telecommunications group reported solid second-quarter profits of \$1.13bn, bringing first-half earnings to \$2.22bn, compared with a \$5.8bn first-half loss a year ago. The improvement was due to strong revenue growth in long distance telecommunications, equipment manufacturing and financial services business. Page 18

International court planned: The first step towards an international court to try crimes such as genocide, war crimes, terrorist acts and drugs trafficking was taken with the adoption of draft statutes by the United Nations International Law Commission. Page 4

Israel closer to returning Golan: Israel sent further signals to Syria that it was preparing public opinion for returning the occupied Golan Heights, making a "deep and painful" withdrawal in return for security, peace and normal relations. Page 4

US plans for spy chip abandoned: The Clinton administration has abandoned its efforts to force the computer industry to introduce a semiconductor known as a clipper chip, which would have let intelligence services eavesdrop on the information superhighway. Page 3

Ecuador parliament rejects telecom sale: The Ecuadorian government suffered a severe blow to its privatisation programme with parliament's rejection of a bill to allow the sale of shares in the state telephone company, Emetel, which is worth an estimated \$1.7bn. Page 3

Northwest Airlines, the fourth biggest US carrier, reported a turnaround from net losses of \$136.2m last time to net profits of \$71.3m for its first full quarter since returning to the stock market in March. Page 18

Overseas investment boost for UK jobs: Overseas companies created a record 28,727 new jobs in the UK last year through inward investment projects, and helped safeguard a further 67,372 jobs, Michael Heseltine, trade and industry secretary, said. Page 7

ED&F Man, one of the world's largest agricultural commodity traders currently owned by 100 of its top managers, is planning a stock market flotation in September which is expected to value the company at about \$450m (\$697m). Page 21

US request on Haiti: US ambassador Madeleine Albright said she was seeking United Nations approval for a US-led force to use "all necessary means" to restore democracy in Haiti.

Wellcome, UK pharmaceuticals group, reported pre-tax profits up 12 per cent at £182m (£282m) for the four months to June 30. John Robb, chairman and chief executive, said the company had shown impressive growth which he expected to continue for the rest of the year. Page 15; Lex, Page 14

Kmart, the troubled US discount store group, performed an about-turn by saying it was selling its 21.5 per cent in Coles Myer, the Australian retailer, for A\$1.28bn (\$982m). It had been denying reports of the sale as recently as last month. Page 15

S Africans back at Lord's: The South Africans, emerging from sporting isolation with the end of apartheid, began their first cricket series against England for 29 years. At the end of the first day at Lord's they were 244 for six, with captain Kepler Wessels making 105. Page 7

STOCK MARKET INDICES			
FT-SE 100	3,855.1	(+17.8)	
Yield	4.68		
FT-SE Euroshare 100	1,371.54	(+0.90)	
FT-SE-A4 Share	1,845.30	(+0.54)	
Global	20,622.82	(+17.64)	
New York: Dow Jones	4,738.39	(+7.12)	
S&P Composite	492.10	(+0.50)	
US LUNTIME RATES			
Federal Funds	4.25		
3-mo Treas Bill Yld	4.3874		
Long Bond	7.5579		
LONDON MONEY			
3-mo interbank	5.75	(5.75)	
Libor long gilt future	103.1	(same)	
NORTH SEA OIL (Argus)			
Brent 15-day (Sep)	\$17.45	(17.30)	
N. Sea			
New York Crude (Aug)	\$38.3	(38.5)	
London	\$38.3	(38.7)	

Austria	100.00	Germany	100.00	Italy	100.00	Spain	100.00
Belgium	100.00	France	100.00	Japan	100.00	Sweden	100.00
Denmark	100.00	UK	100.00	US	100.00	Switzerland	100.00
Finland	100.00						
Greece	100.00						
Hong Kong	100.00						
India	100.00						
Indonesia	100.00						
Israel	100.00						
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Poland	100.00						
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Russia	100.00						
South Africa	100.00						
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USA	100.00						
UK	100.00						
Yugoslavia	100.00						

EU parliament averts crisis over president but signals power struggle ahead

Santer wins grudging endorsement from MEPs

By Lionel Barber in Strasbourg

The European Parliament grudgingly endorsed the appointment yesterday of Mr Jacques Santer as the next president of the European Commission, averting a confrontation with EU governments committed to the Luxembourg prime minister.

After a nerve-racking debate in which MEPs demanded to be treated as equals to the EU's governing Council of Ministers, the Parliament voted by 250 votes to 238 to support Santer's nomination, with 29 abstentions.

Mr Santer, looking relieved, told MEPs in Strasbourg: "I think the European Parliament has shown itself worthy of the powers that have been given to it."

The lukewarm endorsement ends a period of uncertainty about the succession to Mr Jacques Delors, but it heralds a broader power struggle between the parliament and other institutions, expected to come to a head in 1996 during the

European parliament comes of age Page 2
Editorial Comment Page 13

Maastricht treaty review. After the vote, MEPs seemed pleased at delivering an unambiguous warning to member state governments to consult it in future, but mildly relieved at avoiding an institutional crisis.

The Maastricht treaty gives MEPs the right to be consulted on the Commission president-designate, as well as the power to reject the Commission president and his team after they present their programme for the next five years to the Parliament later this year.

Yesterday, during a debate when Mr Santer's fitness for the job was questioned, the Parliament turned the right of consultation into a de facto vote of confidence.

Mr Santer, 57, a Christian Democrat and prime minister of Luxembourg for 10 years, squeezed through only with support from Greek, Portuguese, and Spanish socialists who were reluctant to upset their national party leaders.



Luxembourg prime minister Jacques Santer at a press conference in Strasbourg at the European Parliament, which narrowly voted to approve his nomination as European Commission president

He was also backed by the neo-fascists from Italy, and won overwhelming support from fellow Christian Democrats. Many MEPs voiced unhappiness that Mr Santer had emerged as a compromise candidate after Britain's veto last month of Mr Jean-Luc Dehaene, the Belgian prime minister backed by France and Germany. One Dutch MEP called him "a man of the past".

Asked if his choice represented the lowest common denominator, Mr Santer replied: "I'm a common denominator of course because I was chosen by the 12. If I'm the lowest, I don't know. You have to judge me on my actions."

Mr Klaus Kinkel, the German foreign minister, predicted Mr Santer would be a first class successor to Mr Delors. He acknowledged weaknesses in the selection process, and pledged to consult more closely with the European Parliament.

Before the vote, Mr Santer gave Parliament an outline of the priorities the Commission would follow during his five-year term which runs with the newly-elected Parliament from January. Mr Santer said EU leaders

should bridge the gulf with European citizens, many of whom boycotted last month's European parliamentary elections. It was vital to convince the public in member states that European integration was unavoidable.

In his speech, he stressed the need for new economic growth in order to tackle endemic unemployment which was undermining European society. He also called for a "new stimulus" to integration.

Looking ahead to the 1996 Maastricht review conference, he said the EU would have to examine its structures and working practices to prepare for enlargement to the East and South.

IBM earnings rise surprises Wall Street

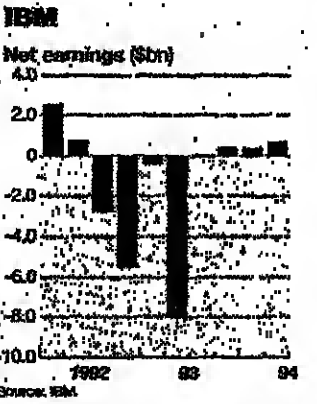
By Louise Kehoe in San Francisco

International Business Machines surprised Wall Street yesterday with higher than expected second quarter earnings as expenses were sharply reduced and revenues increased slightly.

It said demand for mainframe computers was strong, but it still faced serious problems in its personal computer operations. IBM also said it had raised the target for cost reductions, which could result in further job losses.

Mr Lou Gerstner, chairman and chief executive, said: "I'm pleased with our continued progress. We are still far from where we need to be, but we are showing steady improvement."

IBM's share price gained 35¢ to \$61 by midday in New York.



Second quarter earnings of \$689m, or \$1.14 per share, were well above analysts' estimates of 45-50 cents per share. During the same period last year, IBM

reported a loss of \$40m, or 8 cents per share, before restructuring charges that brought net losses to \$8m or \$1.10 per share.

Revenues for the quarter were \$15.4bn, an increase of 3 per cent over last year's figure of \$14.6bn. Sales of computer hardware sales rose 3 per cent, but software revenue was flat. Revenues were flat in the US (\$5.5bn) and Europe (\$5.5bn) while sales in the Asia Pacific region picked up 14 per cent to \$2.8bn.

"The earnings improvements have come a bit faster than we thought," said Mr Jerry York, chief financial officer. "But we still have to finish the expense reduction programme and get the revenue really growing."

Total expenses declined by 18 per cent in the quarter and 8,000 jobs were eliminated. Research

and development spending was reduced by almost 21 per cent to \$1.1bn, while general expenses were down 12 per cent at \$3.8bn.

Last year, IBM said it intended to cut expenses by \$7bn, from 1992 levels, by 1996. To date, expenses are down \$4.8bn.

Mr York said IBM had increased its expense reduction goal to \$8bn. It still plans to reduce its workforce by a further 20,000 by the end of this year to 215,000 and further job cuts now appear likely in 1995.

In IBM's traditional mainframe computer business, demand exceeded supply. "We are sold out on main-

Bundesbank raises hope of fall in rates

By Christopher Parkes in Frankfurt

Mr Hans Tietmeyer, the Bundesbank president, yesterday reinforced expectations that German interest rates could fall again in the autumn by suggesting that growth in money supply is less than unadjusted figures suggest and that inflation is heading in the right direction.

Mr Tietmeyer, speaking after a midyear review of the bank's M3 measure of money supply, indicated that the German central bank was relying less than usual for policy guidance on its volatile M3 indicator. The distinction between money which could potentially fuel inflation (the normal M3 constituents) and funds invested for the long-term had become less clear, he said.

But the Bundesbank would not give up M3, he stressed. It was a part of Germany's "stability culture". Experience showed the link between the measure and future inflation to be intact, while yesterday's review of alternatives had shown them to be "second-best solutions", he said.

A review of possible modifications to presentation and interpretation would continue until

December when the 1995 M3 growth target was due to be fixed. Meanwhile, trends in public spending policy, wage agreements and near-term inflation were important factors guiding policy, he suggested.

"As long as other sources make us confident that future price developments are moving in the right direction, deviations from the M3 target path can to some extent be tolerated," Mr Tietmeyer said.

"The consumer price index, currently rising at 3 per cent, was on the right track, and there were signs of further flattening, he said. Recent increases in raw materials prices were being countered by the relative strength of the D-Mark against the US dollar, he added.

Italy fails to decide economic policy

By Robert Graham in Rome

Hopes that the Berlusconi government would reach a quick comprehensive agreement on economic policy collapsed last night over serious differences on spending cuts and how to raise funds to hold down the budget deficit.

The major casualty was the much-promised shake-up in the costly state pensions scheme proposed by the Treasury and designed to save at least L8,000bn (\$5.17bn) next year. After serious reservations from Mr Clemente Mastella, the labour minister, and threats of a major confrontation from the unions, the cabinet indicated it was willing to let the matter rest until September.

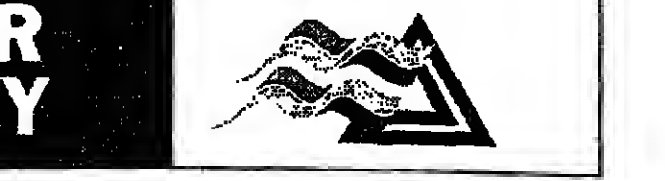
Failure to agree on pension cuts was accompanied by a row among the main partners in the rightwing coalition over the introduction of a pardon for people who have constructed buildings built without proper permission and without paying the

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Kok aims to break Dutch deadlock

By Ronald van de Krol in Amsterdam

The Netherlands' last chance to come up with a new government before autumn rests firmly on the shoulders of Mr Wim Kok, the country's outgoing finance minister and long-time leader of the Labour party.

At the request of Queen Beatrix, Mr Kok is working in secret on a government programme which he hopes will break the impasse following inconclusive general elections on May 3.

The fruits of his labours, begun two weeks ago, are expected to be revealed on Monday. If his ideas are accepted by a majority of MPs, Mr Kok could emerge as the next prime minister of a new coalition, succeeding Mr Ruud Lubbers, the country's veteran leader who has kept the government ticking over as a caretaker premier since May.

But if the Labour party rejects the proposals, Mr Kok might find he has manoeuvred himself into a job as leader of the opposition.

The challenge for Mr Kok - to write a government programme single-handedly - is unusual as Dutch coalitions are normally created through direct talks between parties.

In May's elections the two biggest parties, the Christian Democrats and Labour, lost heavily to the right-wing Liberals and D66, a left-of-centre party. This fragmentation means that at least three parties will be needed to form a government majority, in contrast to the outgoing two-party coalition of Christian Democrats and Labour.

Queen Beatrix decided to appoint Mr Kok as a neutral "informateur" above party politics in early July, with his appointment coming days after a six-week attempt to form a government between Labour, the Liberals and D66 failed.

However, it is looking increasingly likely that Mr Kok's efforts may yet result in an historic "purple" coalition between the three parties.

The term "purple" comes from mixing the party hues: Labour's red, the "Tory-blue" of the Liberals and the green logo of D66. But the term also implies a coalition that would exclude the Christian Democrats from power for the first time in modern Dutch politics.

The first attempt to form a government between Labour, the Liberals and D66 was scuttled by disagreement over future spending cuts.

The parties have reached broad consensus in other areas but still need to find additional spending cuts. Labour argued that savings should be found within ministries while the Liberals insisted that greater economies should be made in the country's social welfare system.

On Tuesday night, Mr Frits Bolkestein, Liberal leader, emerged from talks with Mr Kok to say the Labour leader was prepared to take certain employees' insurance schemes out of the public sector and leave them to employers. This could be a concession to the Liberals' demands for radical changes in social security.

At the same time, Mr Jacques Wallage, Mr Kok's deputy in the Labour party, revealed that the expected shortfall in the social security budget over the next four years could be only F1.2bn (£444m) rather than the F1.3bn that was assumed last month. This could reduce the need to make sharp cuts in social spending.

Mr Kok expects to reveal all in a politics-weary country next week. If his solo efforts at forming a coalition fail, however, the search for a new coalition could easily stretch into the autumn.

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MEPs issue wake-up call to Twelve with narrow vote for Santer

Europe's new parliament shows it means to be taken seriously

The European parliament came of age yesterday. Casting aside a reputation for low attendance and long-windedness, newly elected MEPs staged a thoughtful debate on the nomination of Mr Jacques Santer which culminated in a nerve-racking climax.

The narrow vote in favour of Mr Santer, the Luxembourg prime minister and one-time MEP, should serve as a wake-up call. Governments (and national parliaments) who would like to condemn the parliament to irrelevance will have to adjust to an institution which is determined to be treated as an equal partner alongside the Council of Ministers and the Commission.

Mr Gijb De Vries, leader of the Liberal group, echoed a widespread sentiment at this week's inaugural parliamentary session in Strasbourg. "We are determined not to be taken for granted. The net result of today's vote will be greater parliamentary influence over the Commission."

The relief on Mr Santer's face in victory suggests that he senses the potential shift in power, so too, Mr Klaus Kinkel, German foreign minister, who promised to consult more closely with the parliament in the choice of future presidents of the Commission, a post which remains the most powerful non-elected executive job in Europe.

British officials were more cautious. They recalled that, in 1979, the newly-elected European parliament, the first elected by universal suffrage, voted down the EU budget. This vote was also a muscle-flexing exercise aimed at creating a crisis with the Council of Ministers, but it did not lead immediately to new powers to control expenditure.

The parliament's threats of provoking an institutional crisis, which periodically led to accusations that it was pursuing "Duke of York" tactics, marching its troops to the top of the hill and retreating at the first whiff of cordite from the Council of Ministers.

Only a few months ago, MEPs backed off from threats to delay enlargement because the Council refused to streamline voting procedures to make decision-making easier once the European Union takes in Austria, Finland, Sweden and Norway as members next year.

Many suspected that criticism of the nomination of Mr Jacques Delors as Commission president was empty talk, too, though it is a source of trouble came on Tuesday when MEPs used the Maastricht treaty's powers to cast the first-ever vote of rejection against a Council of Ministers' decision to liberalise the voice telecommunications market by 1993.

Two days later, the parliament tackled the Santer nomination. It was encouraged by a selection process for the Commission president which was held last month, at worst a quick-fix which produced the lowest-common denominator candidate.

The process began last year with Chancellor Helmut Kohl of Germany vetoing Mr Ruud Lubbers, the Dutch prime minister, on personal grounds; it continued with Prime Minister John Major of the UK vetoing

Yesterday's meeting marked turning point for Strasbourg assembly, writes Lionel Barber



Pauline Green, Socialist group leader in the parliament, gestures to a colleague during debate

WHERE MR JACQUES SANTER STANDS ON THE UNION'S BURNING POLITICAL ISSUES

Will the real Jacques Santer please stand up? Those listening to the Luxembourg prime minister perform this week before the European parliament might easily find themselves confused about his political credo, particularly his views on economic and political integration in Europe, writes Lionel Barber.

In Britain, where the governing Conservative party risks splitting over this issue, the question is vital. Just where he stands - and how he differs from Mr Jacques Delors, outgoing Commission president - is of intense interest.

The question has taken on even greater importance since Mr Santer insists that he is no different from Mr Jean-Luc Dehaene, the Belgian prime minister and fellow Christian Democrat, who was vetoed by the British at last month's European summit in Corfu.

So here is a rough guide to Mr Santer's political views as revealed during statements and questioning during this week's inaugural session of the European parliament in Strasbourg.

□ Mr Santer supports federalism, but not on the "Napoleonic model" which means centralising power in Brussels. Like the British (and the Germans), he favours "subsidiarity", the principle of devolving decision-making to the lowest appropriate national, regional and local level.

□ Mr Santer shares the Anglo-German concern

that some Euro-laws can damage the competitiveness of industry. He would like to continue auditing such legislation, though at national and European level. He also is an unabashed free-trader.

□ Mr Santer likes the Maastricht treaty's social chapter, unlike Mr John Major, who proclaimed Britain's non-participation as one of the triumphs of the Maastricht treaty negotiations.

□ Mr Santer is adamant that he will not use subsidiarity to roll back EU environmental laws, and he does not like the Maastricht treaty's innovation of opting out of treaty obligations affecting the rest of the EU.

□ Mr Santer supports strongly the idea of a single European currency complementing the single European market, but, in line with Germany, he insists that Maastricht's convergence criteria must be applied rigorously.

He refuses to be drawn on whether he is

committed to loose governmental co-operation

on foreign and security policy and judicial

affairs, or whether he favours a deepening of

co-operation through a community approach,

perhaps by extending majority voting.

This will relieve Mr Major who is insistent on

resisting efforts to streamline decision-making

and weaken the power of national vetoes. But

Mr Santer made clear, too, that he sees the

Maastricht treaty's powers in common and

security policy as "evolutionary".

Until yesterday, most observers

compared rejection of the

Commission president-designate

to the equivalent of pressing

a nuclear button. But more

than half of the present parliament

are new and determined

to make their mark.

Many, such as Mr Michel

Rocard, former French prime

minister, or Mr Piet Dankert,

former Dutch minister for

European affairs, have no hesi-

tation about lobbing political

grenades. Others, such as Mr Bernard Tapie, the maverick businessman and leader of a new populist Socialist group in his native France, are natural performers.

Ms Pauline Green, the former British policewoman who now heads the powerful Socialist group, ridiculed the selection process. The European Union lectured the rest of the world on democratic rights, "but these same countries are willing to connive at some of the most squalid, shabby and ill-judged practices to put in place the president of the European Commission".

Many members argued that a vote for Mr Santer would be equivalent to endorsing Mr Major's veto. Echoing widespread criticism of the UK Conservative government, Mr Rocard said British objections to Mr Dehaene had nothing to do with vital national interests and therefore amounted to an abuse of the power.

Mr Gerhard Schmid, head of the German Socialists, had no qualms about suggesting that Mr Santer simply lacked the stature and imagination for the top job in Brussels. Quoting the German philosopher Ernst Bloch, he declared: "We need a president who is prepared to dream about the future."

Mr De Vries wound up the debate by declaring that the selection process had been akin to a cattle-market; Mr Santer was the tenth choice, and he lacked the kind of inspirational leadership which Mr Delors had shown during his near 10 years in Brussels. "Jacques Santer will turn out to be more a man of the past than a man of the future," he said.

Yet other MEPs, particularly the tiny Luxembourg contingent and fellow Christian Democrats, sprang to Mr Santer's defence. They noted that he had been a top-notch prime minister of the Grand Duchy for 10 years, and that he had contributed effectively to both the Single European Act and the Maastricht treaty.

But it was Mr Kinkel, speaking for the German presidency, who made the most effective contribution. Germany, he said, had fought hard to expand the powers of the European parliament. Was the reward now to be a decision to torpedo the Commission president-designate, the unanimous choice of the 12 member state governments?

"Do you want to punish Europe, punish the people of Europe? Give Jacques Santer a chance," he declared.

His appeal succeeded, albeit narrowly, and only after a bizarre alliance of forces came to Mr Santer's rescue. In the final count, the lucky Luxembourg needed support from the Spanish Socialists (who did not want to upset Prime Minister Felipe Gonzalez) the Greek Socialists (who felt similarly about Mr Andreas Papanastasiou), and the neo-fascists in the parliament to squeeze out the 22-vote majority.

This ad hoc alliance underlines that the new parliament is likely to be unpredictable and not easily intimidated. The next few months will see further tests of strength with the Council, tempered only by the knowledge that parliaments need to show responsibility, too, if they are to convince the outside world of their maturity.

EUROPEAN NEWS DIGEST

Astra faces EU ban on top drug

The German medicine institute, responsible for licensing drugs, has called for a EU-wide ban on the injectable version of Losec, the top-selling product of the Swedish pharmaceutical group Astra. The EU's committee for proprietary medicinal products will meet on Monday in Brussels to discuss the issue. The German institute is concerned that Losec, an anti-ulcer medicine, could cause blindness in some cases when administered by injection. Between 40 and 50 incidents have been reported, according to Astra. Losec is the group's most important product and saw sales in all its versions last year of \$1.7bn. Sales this year have increased by about 40 per cent, making it one of the world's fastest growing medicines. Astra's B shares fell \$5.16 to \$21.16 yesterday.

The German institute has questioned only the injectable version of Losec, not the pill form which represents about 97 per cent of all sales. However, intravenous versions account for a higher proportion of sales in Europe. Astra said it was looking forward to having the opportunity to defend the safety record of Losec, one of the most significant competitors to Glaxo's top-selling medicine Zentac. Paul Abrahams, London

Bosnia map approval retracted
The international peace plan for Bosnia disintegrated further yesterday when Bosnian Serb leaders failed to give their unconditional acceptance and the Bosnian president retracted his previous approval. Mr Radovan Karadzic, Bosnian Serb leader, left Geneva after the sponsors of the plan - the international "contact group" made up of the US, Russia, UK, France and Germany - refused further meetings with him, snubbing his attempt to renegotiate the plan before giving an answer to it. Meanwhile, in Sarajevo Mr Alija Izetbegovic, Bosnian president, withdrew his previous unconditional approval of the plan, saying that in view of the Serb rejection his government now wanted to add conditions of its own.

Before leaving Geneva the Bosnian Serb delegation released the text of the declaration on the plan adopted by their "parliament" on Tuesday. This requested more details on a range of issues, from constitutional arrangements to the lifting of sanctions, and added ominously that "further work is required on the proposed map". Edward Mortimer, London

Italian steel chief 'paid bribes'

Mr Alberto Falck, owner of the biggest family steel concern in Italy, is reported to have admitted paying \$500m (\$324,300) in bribes to members of the Guardia di Finanza, the financial police, to soften their controls of his group's balance sheet. The steel magnate is co-operating with magistrates following the issuing of an arrest warrant last week by Milan magistrates investigating alleged corruption in the Guardia di Finanza in Lombardy, according to Ansa, the national news agency. Mr Falck was one of 49 people issued with a warrant on charges of alleged corruption at the moment when the Italian government had approved the controversial decree, since revoked, limiting the use of preventive detention. He was placed under house arrest. His confession emerged as Milan magistrates resumed work this week in the wake of the Berlusconi government's climb-down on the decree. Robert Graham, Rome

Polish TV licences awarded

Poland yesterday awarded the first 12 regional TV licences to NTP Plus, a Warsaw-based consortium led by Independent Television Television (ITV) and Central European Media Enterprises (CME). NTP Plus will initially transmit programmes terrestrially to an area which includes Warsaw, the capital, and roughly one third of the Polish television audience. It plans to set up regional TV stations in Warsaw and three other cities with an investment of up to \$50m. NTP is headed by Mr Miroslaw Chojacki, a Polish entrepreneur. CME is privately owned; its main shareholder is Mr Ronald Lander, heir to the Essee Lander cosmetics group fortune, backed by US and Canadian businessmen. Poland, with its population of 39m people, is the largest TV market in central Europe. Anthony Robinson, London

Eko Stahl sees August sale

The Treuhander privatisation agency hopes to sell Eko Stahl, eastern Germany's iron-making steel mill, by the end of August to one of the five potential buyers that have shown interest since Riva, the Italian steel maker, pulled out of a deal two months ago. Mr Hans Kramer, a Treuhander board member, told employees at Eko Stahl, in the state of Brandenburg, that the agency would today approve a financing and investment package for the steel mill to see it through the second part of this year. The Treuhander has lined up five potential buyers. These include Cockerill Sambre, the Belgian-based steel producer, the Hegemann Group which is based in Bremen, a Hamburg consortium, and companies from Russia and Kazakhstan. Judy Dempsey, Berlin

DIW revises German forecast

DIW, the Berlin-based economics institute, cast aside its earlier gloomy predictions about the German economy and forecast growth of about 2 per cent for 1994 and 1995. In its first-year report the institute said the economy would grow by 1.5 per cent in western Germany and by 8.5 per cent in the five eastern Länder, a surprising turnaround from forecasts earlier this year. While five of the country's independent economics institutes presented their April reports predicting growth of 1.5 per cent for the year, the DIW had predicted zero growth for western Germany and 0.5 per cent for the economy as a whole. Explaining the revision of its figures, the institute said the spring interest rate cuts came as a surprise. It still expects a downturn, a so-called "double-dip", later this year but this would not affect the forecast growth. Michael Lindemann, Bonn

ECONOMIC WATCH

French trade surplus continues

France's external trading account continued to show a surplus during May of FF7.5bn (\$900m), according to the latest statistics from French customs. The May figure confirms the recent upward trend in the French economy and brings France's total trading surplus to FF30.6bn for the first five months of 1994. This is in line with the government's forecasts for a target surplus of FF100bn for the whole year. The buoyant trading account reflects a continuation of the strong export performance of French companies. The level of exports rose to FF107.4bn in May against FF104bn in April. However, import activity, which fell sharply last year when the recession began, is now returning to normal levels. The value of imports coming into France increased to FF99.4bn during May, its highest level since November 1993. Alice Rawsthorn, Paris

Industrial production in the Netherlands rose 2.1 per cent in May from April, on a seasonally adjusted basis, the government Central Bureau for Statistics said yesterday. Seasonally adjusted industrial production was 2.6 per cent higher than in May 1993.

Italian consumer prices rose 0.2 per cent month on month and 3.5 per cent year on year in July, according to unofficial data from nine leading Italian cities excluding Rome, collected by the city of Bologna.

EU debate simmers through summer

Hugh Carnegy on the issue which is disturbing Sweden's near sacred holiday season



EUROPEAN DIARY

It is July and it has been a month of debate over the EU. The debate is hot, but not much else to disturb a nation that customarily takes to the water and the woods to make the best of an all-too-short summer.

Yet, even during the near-sacred July holiday, the Great Debate under way in Sweden over whether to vote in a referendum in November to join the European Union is never far away.

It is to be found high up in the Arctic circle where the sun shines brightly at midnight, but where temperatures are not so hot. (The last day of the skiing season at Riksgransen was June 28.) And it is to be found as far south as you can get, in Skane, where the rich, rolling farmland lies less than 20km across the Oresund from Denmark.

For Sweden, neutral throughout the century's great conflicts and once the proud

pursuer of a middle way between Soviet socialism and flat-out capitalism, the decision whether to join the EU is a real watershed and is widely perceived as such.

At the risk of evoking stereotypes, Swedes are engaging in a national debate over the issue that is impressively earnest and far-reaching.

The referendum campaign has been somewhat confused by the campaign for the general election, which comes first, in September. But if anything, this has encouraged the two sides in the EU confrontation to get in extra campaigning during the summer, before the election campaign takes centre-stage.

The Swedish Federation of Industries and the Swedish Employers' Federation have, for example, joined forces to send out no fewer than 10 campaign buses across the country from May to July to get their pro-EU message across. Not to be outdone, the No to the EU campaign has chartered a boat to cruise among the harbours, islands and lakes where so many Swedes retreat for the holiday.

Early this month in the min-

ing town of Kiruna, the country's most northerly city, one of the industry buses (actually a custom-built 40ft lorry trailer) pulled up for a couple of days in the main square.

Their concerns range from the mainstream worry that Sweden will lose its independence by joining, through worries about the cost of membership to the fear - apparently widespread - that thousands of German hunters and tourists will trample the treasured Swedish countryside into mud.

"People are very open here, even though most of them are negative. They are prepared to discuss the issues," says Anne Flonneau, a Frenchwoman now living in Sweden who is in charge of the Kiruna truck. As if to prove her point, she launches into a lengthy argument with a local trade union leader who is strongly anti-EU.

She does not change his mind, but says: "What we don't want is people saying 'I don't know, so I'll vote No'. We want them to have the information."

The cry "I need more information" is heard everywhere. Yet Swedes probably now have more information available to them explaining the issues than any Union citizen. Every public library is packed with

EU material, there are government telephone hotlines and the debate are churning out propaganda to strip Sweden of its forests.

Still, there is little sign of Euro-indigestion. In Skane, a seaside resort on the southern tip of Sweden, volunteers from another pro-EU industry bus set up at a fundfare. They canvassed holidaymakers rushing to the alcohol monopoly to stock up on booze before it closed for the weekend. Nobody seemed to mind being interrupted.

Mr Roger Gustafsson, a self-employed businessman on holiday in the town, is inclined to vote No. But he eagerly took away a fistful of leaflets after a chat with one of the canvassers. "I am basically against the EU. We - you and I - will have nothing to say, the politicians will decide everything," he declares.

But he adds: "I could be persuaded to vote Yes - if I am sure Sweden will still be able to decide the things that are important for Sweden. I need more information. I've only just started to get the information."

The decision whether to join the EU is a real watershed and is widely perceived as such

Equipped with a dizzying array of at least 50 different books, leaflets and information sheets, volunteers fanned out into the streets to look for converts in an area where the No camp is firmly in the ascendancy.

Even among those who declare they have made up their minds, the willingness to come on to the trailer to discuss the issue is remarkable. On a sleepy Sunday in Kiruna

Ex-US Treasury secretary's company buys into bank Brady investment in Peru

By Sally Bowen in Lima

A company formed by former US Treasury secretary Mr Nicholas Brady is to invest in Peru's commercial banking sector, rated a high risk while it awaits a Brady plan to reschedule its debt.

A dearth of foreign financing, while the plan is being negotiated, has kept local interest rates extremely high and commercial banking operations lucrative.

Through his private US company, Darby Overseas, Mr Brady is participating in a Cayman Islands-registered consortium which on Wednesday acquired one of Peru's two state-owned banks.

The consortium, International Financial Holdings (IFH), this week picked up Interbank, Peru's fourth largest commercial bank, for \$51m. IFH is pledging to spend \$30m more on modernisation and capital expansion.



Brady: year-old company

The auction had been expected to attract five or six bids, with the government saying it wanted to attract a big international bank. However, the two front runners - Spain's Banco de Santander and Chile's

Banco O'Higgins - dropped out late last week.

Sale day brought three bids, two of them from local groups, at or only marginally above the \$45m base price, which banking experts had considered low.

Immediately after the sale, COPRI, the government privatisation commission, handed out a press release saying IFH had bought Interbank, and giving details of IFH's shareholders. In addition to Darby Overseas, the consortium is reported to include Rectal Enterprises, Shetland Securities, and shareholders linked to Chile's Banco Osorno and a private pension fund from Chile, Provida.

Under the bidding conditions, a bank had to participate or provide technical advice or assistance. Banco Osorno itself is not part of the consortium, but the involvement of some of its shareholders was considered sufficient.

Darby Overseas was set up a year ago by Mr Brady, his chief aide at the Treasury, Mr Hollis McLoughlin, and Mr Daniel Marx, Argentine finance under-secretary, who has since resigned to become managing director of Darby Overseas.

IFH's purchase will be largely financed through a \$60m (\$28.7m) private placement of notes, to be handled by Morgan Grenfell, acting as IFH's financial advisers. The notes will be convertible to Interbank shares at the end of five years. Deutsche Bank is underwriting the issue.

The prime mover behind IFH, specially constituted to bid for Interbank, is Mr Carlos Rodriguez Pastor, Peru's economy minister in the early 1980s. Mr Rodriguez Pastor has already participated in Peru's sweeping privatisation process. He has a stake in the Peruvian-Mexican consortium which bought Aeroperu, the former state-owned airline.

Latin Americans rediscover their neighbours' markets

Companies are looking next door as protectionism gives way to competition, writes Angus Foster



THE NEW ECONOMIC ORDER

Protectionism is slowly being replaced by competition and governments are withdrawing from economies. As a result, big private companies are starting to think of the region when they make their plans.

Brahma, Latin America's biggest brewer, is expanding beyond Brazil, where it has a 50 per cent market share. A factory opens in Argentina in January to serve southern countries such as Argentina and Chile. Earlier this year Brahma bought Venezuela's second-largest brewer, Carvecer Nacional, which will give access to important northern markets such as Colombia.

Mr Marcel Herrmann Telles, Brahma's chief executive, says the company will move into other countries in the continent once it has built up sales through exports.

The idea is for Brahma to become the brand name for all of Latin America, he says. The shift towards regional rather than national thinking has two main motors. First, regional trade groupings are leading to closer cross-border ties. Second, increasing personal wealth is improving cultural links via television and foreign holidays for the middle classes.

Mercosur, the most important trade grouping to have developed so far, has led to rapid increases in cross-border trade and investment among its four members, Brazil, Argentina, Paraguay and Uruguay. Trade between the four countries has more than doubled since the agreement was signed in 1991 and reached about \$8bn last year as tariffs have been reduced.

Mercosur's success has had a

marked impact on exporters in Brazil, Latin America's biggest economy, who have traditionally relied on US and European markets. Exports to Mercosur partners, which accounted for 4 per cent of Brazil's total exports in 1990, reached 14 per cent of the total last year. The proportion of exports to the US and European Union, meanwhile, have fallen from 24 to 21 per cent and 31 to 26 per cent.

Brahma's expansion into Argentina has been helped by Mercosur, especially because of reduced bureaucracy and customs procedures. But the company's overseas push was at first prompted by some very Brazilian circumstances.

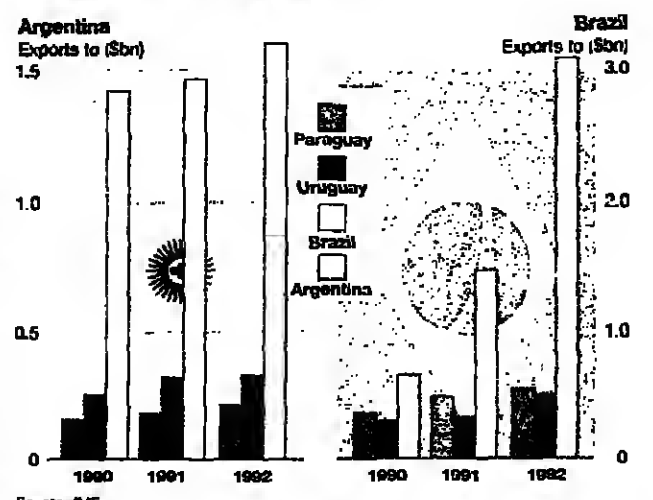
Until recently Brazil's government set price ceilings on beer, which limited the company's profits and investment. The removal of price controls in 1990, one of a number of measures adopted by former president Fernando Collor to liberalise Brazil's markets, allowed Brahma to restore profitability. But it coincided with a steep recession, which lasted until last year and led to declining beer sales.

"We therefore had the time and the resources to look at the rest of the world," says Mr Telles. "We thought our competitive advantage lay in Latin America where the Brahma name had resonance, so we started exporting to Argentina."

Brahma started selling canned beer to Argentina in 1990. Two years later it switched to exporting 1-litre returnable bottles, a system described as "logistically almost impossible" by Mr Telles and which involves the return to Brazil of lorry loads of empty beer bottles. Even so, Brahma claims a 7 per cent share of the Argentine market, which it hopes to increase once the new brewery opens.

Mr Telles says Brahma's expansion makes sense because of a similarity among the region's beer markets. With the exception of Brazil,

Selling closer to home



Source: IMF

where three brewers are in often vicious competition, the main markets are dominated by near monopolies. These companies often owe their pre-eminence to government backing and a traditional lack of concern for competition. They include Quilmes, which has more than 60 per cent of the Argentine market, and Empresas Polar in Venezuela with a 90 per cent market share.

Brahma believes it can compete because consumers and distributors increasingly want competition to improve the quality and range of products.

Governments are also less interested in blocking competition to defend national companies. Argentina, which has been opening its economy since 1991, has not reacted against Brahma's gain in market share, says Mr Telles. This is probably also because Argentina's beer market has grown rapidly, so that domestic brewers have not lost sales.

"There is a process of opening, both commercial and cultural, going on in Latin America. Certainly a few years ago it would not have been possible," says Mr Telles.

Further progress may be erratic. While there are similarities between markets, there are also huge differences. Venezuelans like to drink beer on the streets and in small bottles, the latter so that it does not

warm up too quickly in the heat. Argentines prefer to drink from larger bottles at home, and increasingly buy their beer in supermarkets rather than bars.

"It's no good trying to use a standard formula for these markets, neither in terms of taste, packaging or distribution," Mr Telles says.

In spite of the growing trade links, a single regional grouping still looks a long way off. Brazil's still uncompetitive economy is likely to delay the other Mercosur countries, which are obliged to negotiate trade treaties collectively, from linking with the US and Mexico in the North American Free Trade Association.

Countries such as Chile may be candidates to join both groups. But other countries, such as Colombia and Venezuela, appear ready to join neither.

Instead, a series of sometimes inter-linked free trade areas and bilateral trade treaties, several of which exist, are likely to continue. These could slow further tariff reductions and cross-border competition between areas, forcing companies to think in terms of inter-linked sub-regions.

This article is the sixth in a series on the recovery in Latin America. Previous articles appeared on June 24 and 30, and July 5, 12 and 15.

Ecuador parliament rejects telecom sale

By Raymond Collett in Quito

The Ecuadorian government has suffered a severe blow to its privatisation programme with parliament's rejection of a bill to allow the sale of shares in the state telephone company, Emetel, which is worth an estimated \$1.7bn (\$1.1bn).

Opposition parties claimed the reform was unconstitutional since the constitution states that the telecommunications sector should be controlled by the state because of its strategic importance to the economy.

The opposition also objected to the government's decision to see the legislation through on the fast track, which, they said, allowed them insufficient time to analyse it.

However, the government argued that as long as the state was in regulatory control of the sector, the constitution allowed for private-sector operation of telecommunications.

The state modernisation body, Conam, insisted that reform efforts would continue despite the bill's defeat.

Ecuador's privatisation programme has been criticised for poor management and underpricing. However, the latest setback comes only a week after the successful sale of the country's second largest cement company, Cementos Selva Alegre, which had improved the programme's image.

The Spanish cement giant, Uniland, bought 51 per cent of the state's shares in Cementos Selva Alegre for \$40m, on behalf of the consortium, Finlatam.

With only eight in 100 citizens having a telephone line, Ecuador has one of the most backward telecommunication systems in Latin America. The investment required to install 1m more telephone lines and improve the infrastructure is estimated at \$1.4bn. Telephone lines go for as much as \$1,000 on the black market.

US plans for spy chip abandoned

By Ken Warn in Washington

The Clinton administration has abandoned its effort to force the computer industry to introduce a semiconductor known as a clipper chip, which would have let intelligence services eavesdrop on the information superhighway.

The chip, developed by the National Security Agency, would have made it possible for users of personal computers to scramble or encrypt their communications, but would also have allowed law enforcement or security agencies to tap in.

The administration's change of mind emerged in a letter, released this week, from Vice President Al Gore to Representative Maria Cantwell, whose Washington state district is home to Microsoft computer software company, which vehemently opposed the clipper chip.

The chip remained the desired standard for telephone

communications, Mr Gore's letter said, but not for computer exchanges. The administration would continue to work with the industry on a voluntary encryption standard, he said.

The policy shift "is a significant victory both for US software companies and the future of the global information superhighway", said Mr Robert Holleman, Business Software Alliance president.

The industry has opposed both the clipper chip and curbs on exports of encryption programs, which the intelligence community claims hamper its security work overseas. Civil liberties groups said the chip violated privacy.

The security of the information superhighway is a growing issue in the US. Hackers have gained access to sensitive but unclassified government and military communications networks connected to the Internet, the New York Times reported yesterday.

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NEWS: INTERNATIONAL

Israel closer to giving up Golan

Syria given strong signals of a 'deep and painful' withdrawal as Christopher heads for Damascus

By Julian O'Connell
in Jerusalem

Israel yesterday sent further strong signals to Syria that it was preparing Israeli public opinion for returning the occupied Golan Heights, as Mr Warren Christopher, US secretary of state, prepared to fly to Damascus during his current Middle East mission.

Mr Yossi Sarid, the Israeli environment minister, who has played an important role in Arab-Israeli peace talks, said the Jewish state would have to make a "deep and painful" withdrawal from the Golan in return for security, peace and normal relations.

Mr Sarid also said he believed an Israeli-Syrian declaration of principles for peace would be concluded this year.

Mr Sarid's comments underlined the shift in Israel's position since Mr Shimon Peres, Israeli foreign minister, said last week Israel now recognised Syrian sovereignty over the entire strategic heights.

Mr Peres also referred to a 1987 secret cabinet resolution calling for negotiations with Syria on the basis of the international border of 1967.

Until last week Israel had refused to commit itself in public to a full withdrawal from all the Golan land seized in the 1967 Arab-Israeli War, although privately many senior politicians have said they fully understood that President Hafez al-Assad of Syria would not settle for anything less.

Several Labour party politicians close to Mr Peres are now seeking to amend the 1981 law which annexed the Golan Heights.

Mr Peres sought to reinforce overtures to Damascus yesterday during a trip to Cairo to brief President Hosni Mubarak of Egypt on recent peace developments. "It is essential for Israel to have peace with Syria... We cannot leave any open wounds," he said. "The peace process will be completed when it will be full and comprehensive."

Mr Christopher yesterday met Mr Yasser Arafat, Chairman of the PLO, in Gaza to stress the importance of transparency and accountability in the release of hundreds of millions of dollars of aid to the embryonic Palestinian self-rule authority.

Mr Christopher's visit has been marked by a flurry of Arab-Israeli diplomacy, with meetings between Israel and Jordan before the summit on Monday in Washington between King Hussein of Jordan and Mr Yitzhak Rabin, Israeli prime minister.

The Israeli-Jordanian meetings decided continuous bilateral negotiations over borders, water and security in Jordan and in Israel; monthly summits at foreign minister level; accelerated joint economic projects ahead of a formal peace treaty and an undertaking by Jordan to prepare for the suspension of the boycott of Israeli goods and companies. A Riviera to replace the razor wire, Page 6



ANGRY striking shipyard workers at Hyundai break through the company barricade

S Korea shipyard violence

Striking shipyard workers scuffled with security guards yesterday as a dispute at South Korea's largest shipbuilder, Hyundai Heavy Industries, boiled over into violence, Reuters reports from Seoul.

Witnesses said 3,000 workers and security guards tussled near the main gate of Hyundai Heavy's shipyard as the strikers tried to break barricades to enter the yard in the southeastern city of Ulsan.

There were injuries on both sides, the witnesses said. The government is expected to invoke emergency powers to settle the labour dispute over wages and a demand for a say in management of the company, a unit of the mammoth Hyundai Group, a labour ministry official said. The strike has lost the company \$21m in sales.

Standard Chartered to continue to investigate alleged payments

Coin was passed on to consultant

By Robert Peston in London and Christine Hill in Kuala Lumpur

A \$10,000 gold coin which Standard Chartered gave to a Malaysian former deputy finance minister disappeared after he had passed it on to a Malaysian-based consultant, the international bank said yesterday.

Standard Chartered has been investigating the disappearance of the coin as part of its probe into allegations that employees of its Mocatta gold trading division may have made payments to officials in

the Philippines and Malaysia to win business.

The bank said yesterday that in 1991 it had given the coin to Mr Abdul Ghani Othman, the then deputy finance minister who is now Malaysia's youth and sport minister. He had been given the coin as a "sample", during discussions with Mocatta on whether Malaysia should impose a 10 per cent tax on gold imports, according to a Standard Chartered banker.

At the time, the bank was considering setting up a bonded warehouse for gold in Malaysia. Mr Abdul said that

during the meeting with Mocatta he had been shown a sample of gold coin which was to be used to ascertain

whether it was legal tender or gold bullion. "If the gold coin was considered legal tender, then it should not be taxed." On Tuesday, the Financial Times disclosed that the coin had disappeared. Standard Chartered has now been told by Mr Abdul Ghani that he returned it to Dr Stephen Goh, who was a consultant to Mocatta based in Kuala Lumpur. Mr Goh has told Standard Chartered that he misplaced the coin. Standard Chartered

said Mr Goh had recompensed the bank for it.

"That is the end of the matter," Standard Chartered said yesterday. However, the bank is continuing to investigate other alleged payments by Mocatta employees to officials in the Asia Pacific region.

Dr Mahathir Mohamad, Malaysia's prime minister, said yesterday Standard Chartered had a right to investigate the matter, and that his government would not comment until the investigation was completed.

The disclosure of Standard's investigation into the disappearance of the coin came at a

sensitive time for Anglo-Malaysian trade relations. The UK foreign office is hopeful that Malaysia will soon lift a ban on UK participation in Malaysian government contracts, which was imposed in February because of Malaysian fury with British press reports of the Pergan Dam alleged arms-for-aid deal and allegations of bribes offered to Malaysian politicians.

Mr Abdul said it had been "presumptuous on the part of the British media to say that a Malaysian minister could be bought with one gold coin."

Two sentenced in Japan bribe case

A Japanese court gave two former officials of a construction company suspended prison terms yesterday for bribing a regional governor to win a contract, Reuters reports from Tokyo.

The Tokyo district court verdict was the first conviction of executives in a string of construction scandals. More than a dozen officials from various companies and several local government leaders have been arrested on suspicion of corruption since last year.

The Tobishima executives were found guilty of handing ¥10m (\$101,000) to Fujio Takeuchi, then governor of Ibaraki Prefecture, at a Tokyo restaurant on January 25, 1991.

The money was in return for Takeuchi granting Tobishima part of a ¥38bn dam project at Oyama near Tokyo, the court said.

Sukemasa Uera, 86, former honorary chairman of Tobishima, was given a suspended prison term of two years. His son Soichiro Uera, 59, former vice-president, was sentenced to one year and six months, also suspended.

Presiding Judge Kenjiro Tao said their criminal liability was serious, given the effects of their action on society. But he said the sentences were suspended because the two men had repented.

Mr Takeuchi, 76, is being tried separately.

Household spending may rise

By William Dawkins in Tokyo

Japanese households spent less in May for the fourth consecutive month, but a surge in sales of beer and air conditioners due to an unusually hot summer may revive consumption. The latest household survey by the government's management and co-ordination agency shows a 1.7 per cent drop in consumer spending in the year to May, to an average of ¥316,080 (\$2,060) per household.

Household spending rose for four months until February, but then moved into reverse in line with increased weakening in the labour market.

UN lawyers take steps to set up criminal court

By Frances Williams in Geneva

The first step towards establishing an international criminal court to try such crimes as genocide, war crimes, terrorist acts and drug trafficking was taken yesterday, with the adoption of the court's draft statutes by the United Nations International Law Commission.

Mr James Crawford, an Australian lawyer who chaired negotiations on the statutes, said such a court would avoid the "second-class justice" of ad hoc tribunals set up after crimes have been committed and before charges against individuals have been brought.

The UN Security Council last year set up a war crimes tribunal for former Yugoslavia and a similar tribunal has been proposed to try perpetrators of genocide in Rwanda.

The court's statutes are due to be debated by the UN General Assembly later this year. If approved, the way would be clear for negotiations to put them into international treaty form. Among crimes over which the court would have

jurisdiction are genocide, aggression by one state against another, crimes against humanity and violation of Geneva Conventions on conduct in wartime.

It would also try "exceptionally serious crimes of international concern" involving breaches of international treaties that outlaw torture, apartheid, hijacking and hostage-taking, and other international

Plan to deal with genocide, war crimes, terrorism and drugs

ally recognised crimes such as drug trafficking.

Mr Crawford said the court could have jurisdiction over such cases as the Lockerbie airliner bombing. Libya has so far refused a Security Council demand for the accused to be extradited to stand trial, on the grounds they would not get a fair hearing.

But except for genocide and cases initiated by the Security

Council, the court could try suspects only if the country holding them and the country where the crime was committed agreed that it should.

Mr Vladimir Vereschetkin, Russian chairman of the commission, stressed yesterday the court was intended to complement national justice systems and to act in cases where national procedures were not available or effective.

Under the draft statutes, the court could issue warrants for arrest and detention of suspects. They would have the right to silence, the right not to incriminate themselves and the right to a public trial with legal defence of their choice.

If they are found guilty, the court could impose a prison term or a fine, but not the death penalty. Prisoners would serve sentences in a designated country.

The court would have its own independent prosecutor and consist of 18 judges elected by treaty members, with a seven-person appeals chamber. Five judges would be selected to hear each trial.



Police escort Maman Suparman from a Jakarta court after he was sentenced yesterday

Manager gets 9 years in \$448m Indonesian fraud

An Indonesian court sentenced a former bank manager to nine years in prison yesterday in a loan fraud case that has cost a state bank more than \$448m. AP reports from Jakarta. Meanwhile, the prosecution demanded life imprisonment for the Chinese businessman whose company took out the loan from the state-owned Bank Pembangunan Indonesia.

Questions have also been raised about the roles of senior officials including President Suharto's chief adviser, but they are not on trial.

The South Jakarta District Court also fined

Mr Suparman 15m rupiahs and ordered that his house and land be confiscated.

His lawyers said they would appeal. "There was no evidence found during the trial that Suparman had received bribery in connection with the loan," said Mr Danny Kallamang, who led a six-member defence team.

The prosecution had demanded a 13-year sentence for Suparman, the first person to be tried in the case. At the Central Jakarta District Court, Mr Hamid Bachmid, the prosecutor, demanded life imprisonment for Tanzil, who obtained a \$430m loan in 1991 for his Golden Key Group for a petrochemical plant.

Mr Bachmid said the loan was not used as intended, causing a loss to the state of \$448.8m, including unpaid interest. Also on trial is Mr Towil Haryoto, a former president director of the bank. Two other directors are awaiting trial.

Nigeria moves closer to deal with oil strikers

By Paul Adams in Lagos

Nigeria's military government appears ready to seek a compromise on the industrial and pay demands of striking oil workers if they drop their political demands and return to work.

In a meeting in Lagos scheduled for today, Mr Umaru Baha, the junior oil minister, will meet representatives of both the main unions and the operating companies.

The government hopes that by satisfying the unions' economic and industrial demands, they will end their two-week strike and await a solution to the political crisis.

There were signs at a meeting with the government and employers on Wednesday that the junior workers union, Nupeng, was willing to end the strike in return for settlement of two pay disputes with employers, information on the whereabouts of their general secretary Mr Frank Kokori, and assurances that the government will restore oil industry investment and move quickly towards democratic rule.

Nupeng provisionally agreed to pay offers on Wednesday. The union, whose members have received no pay since the strike began, appeared to soften their stance and said they would consider returning

to work if the oil companies attended today's meeting and confirmed that government was increasing investment.

The senior staff association, Pengassan, said yesterday it would attend the meeting if invited but would not compromise on either its political or economic demands. Pengassan insisted that the dispute could be resolved only by meeting the head of state, General Sani Abacha.

The strikers are demanding that the military leave government and make way for Mr Moshood Abiola, widely regarded as the winner of last year's annulled presidential election, who is in prison facing treason charges for declaring himself president last month. Mr Abiola's trial is due to start on July 28 in Abuja.

The strikers are also protesting against the government's under-investment in the oil industry, which has led to payment arrears to the multinational oil companies in Nigeria of about \$700m throughout this year, plunging the industry into recession.

The oil companies operate joint ventures, which are 60 per cent owned by the government. They have sharply reduced development and exploration and, until the strike, were investing only in activities essential to production.

Simon Holberton on monetary developments on the eve of a debt issue that matures after the handover

Hong Kong and Beijing let money do the talking

Mr Joseph Yam, governor of the Hong Kong Monetary Authority, the colony's central bank, pores over a chart showing the yields on Hong Kong government bonds compared with other borrowers.

What they tell him is that whereas the yields on Hong Kong government debt of less than three years' maturity are lower than, say US government paper, yields on Hong Kong paper maturing after three years are higher.

"I suppose there is concern about inflation, the outlook for interest rates and some residual worries with politics and policies," says Mr Yam.

On Monday investors will be tendering for another HK\$500m (\$41m) of the authority's bonds. What makes these of special interest is that they mature nearly a month after China resumes sovereignty over Hong Kong on July 1, 1997.

As such, they, and the ones to follow, will become a bellwether of investor confidence in the colony,

along with its more visible stock market. If the issue on Monday goes well, the authority plans to introduce a five-year bond later in the year.

Hong Kong's government debt market is just four years old and already dwarfs the colony's stock market. There are HK\$43bn bonds in issue, but turnover approaches HK\$20bn on most days. This compares with a stock market at its most active of around HK\$8bn a day and currently languishing around HK\$3bn a day.

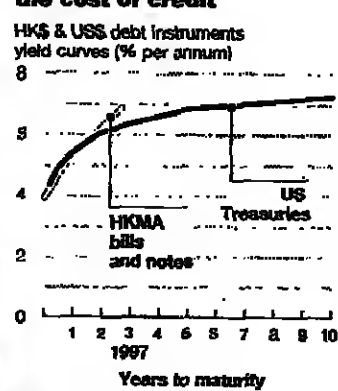
That this activity occurs at all seems to defy economic and diplomatic logic. The Hong Kong government has no fiscal need to borrow; its budget has been in surplus for as long as most can remember. Moreover, in the Sino-British memorandum of understanding (MOU) which paved the way for Hong Kong to build a new airport the colonial government was limited to borrowing no more than HK\$5bn.

The logic that has been at work is the logic of the markets. Monetary



Yam: yield watcher

Hong Kong: the cost of credit



Source: HKMA

will be, with the approval of the Chinese government, at least HK\$40bn of debt still due to mature after the change in sovereignty. "It just shows you how pragmatic they are," he says.

The authority has kept China informed of its plans every step of

the way and because of that it has won Beijing's support for the continuation of the borrowing programme after 1997.

"This is not political reform but monetary reform and both sides recognised that there was no problem. On the monetary side the scope for differences of opinion is very small. Stability and prosperity is the aim and monetary stability will contribute to it," says Mr Yam.

He says he had qualms about the government borrowing when it was first mooted five years ago, but he recognised that changes to the regulation of banks made borrowing necessary. In 1988 the government took responsibility for influencing the level of interest rates in the inter-bank money market, hence the introduction of short-term money market bills.

After that it was just a matter of time before instruments with longer maturities were issued. As the market has grown, so too has the sophistication of the authority's role in Hong Kong's money market.

Last year it introduced a "discount window" at which banks are able to make good short-term cash deficiencies by selling a portion of their Hong Kong government debt portfolios. Moreover, as the authority has issued longer-term bonds, a retail investor market has developed.

No matter how good the authority's relations with Beijing, China nonetheless presents special problems for an institution trying to establish Hong Kong's separate identity in the world of international finance.

For one, there is Hong Kong's credit rating after 1997. Mr Yam lists a string of arguments why Hong Kong should be treated differently from the mainland, not the least being its guarantee of autonomy in financial affairs. But he is having a difficult time persuading the credit rating agencies.

Another issue is the ownership by mainland interests of a large part of Hong Kong's money supply. Already more than 20 per cent of

the colony's physical stock of notes circulates in southern China.

Mr Yam's main concern, however, is the HK\$48m (as of April) of Hong Kong dollars deposited in the colony's banks by mainland banks. A rapid conversion of this money to US dollars could put a large strain on the HK dollar's link with the US currency.

"Who controls this money is of interest to us," he says with some understatement. "If it's by individuals then I'm not worried. But if it is by the centre [Chinese government] then, for policy reasons, they may want to control it."

If that were the case, then Hong Kong's promised financial autonomy would be in jeopardy. On balance, however, Mr Yam does not believe these funds are within the control of the Chinese government. "I think it's a reflection of economic rather than political activities" - but for a man whose prime task is the preservation of currency stability he maintains a watchful eye on the money flows.

NEXT BUSINESS TRIP

DON'T FORGET TO BRING

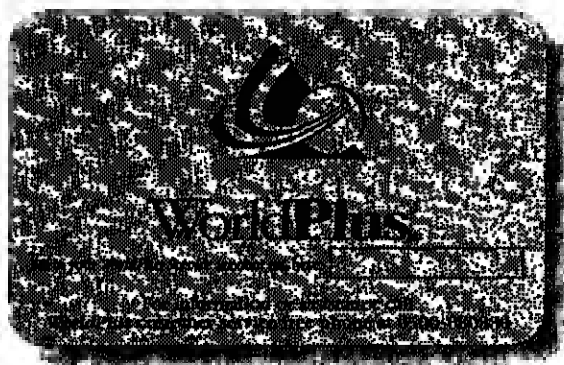
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NEWS: WORLD TRADE

Japan puts conditions on backing Taiwan's bid to join Gatt

By Laura Tyson
in Taipei

Taiwan's trade negotiators yesterday met their Japanese counterparts in Tokyo to seek Japan's support for Taipei's bid to join the General Agreement on Tariffs and Trade. During the talks, Japan requested concessions and set conditions which Taiwan said could aggravate Taipei's growing trade deficit with Japan.

Japan insisted on three conditions for granting its support to Taiwan's Gatt entry bid, according to local newspaper reports.

Japan urged Taiwan to eliminate restrictions on imports of Japanese cars and locomotives, amend regulations favouring European and American companies in government and state enterprise purchasing and in the awarding of major infrastructure contracts, and lower tariffs and import restrictions on manufactured industrial products.

Taiwan has drawn up a five-year plan to curb its trade deficit with Japan, economics minister Mr Chiang Pin-kung said yesterday. Under the plan, the government will promote Taiwanese products and sales in Japan and cut imports of Japanese products by obtaining the technology and capital needed to manufacture products locally.

Mr Chiang said he would raise the issue of Taiwan's deficit during a ministerial meeting of the Asia-Pacific Economic Co-operation (Apec) forum scheduled for October in Osaka.

"We need co-operative measures from both the government and the private sector in Japan such as tariff cuts and support for Taiwan's industrial upgrading," Mr Chiang said.

The bilateral trade deficit was \$14.2bn (£9.3bn) in 1993 and is forecast to top \$16bn this year.

Taiwan has said it wants to join Gatt by the end of this year in order to become a founding member of the World Trade Organisation which supersedes Gatt on January 1.

Julian Ozanne on plans for a Jordan-Israel-Egypt tourist triangle on the Gulf of Aqaba

A Riviera to replace the razor wire

The mayor of Eilat, Mr Gabi Kadosh, points to architects' plans, aerial photographs and drawings of multi-million-dollar projects adorning his office.

There is a polo club, a sports centre, hotels, marinas, artificial lagoons and a regional tourism university. But the drawing that most inspires Mr Kadosh is of a residential development around lagoons and canals straddling the Israeli-Jordanian border, now the site of land mines and coils of razor wire.

Israelis hope one of the quickest changes to follow the historic summit between King Hussein of Jordan and Israeli prime minister Yitzhak Rabin in Washington on Monday will be opening of borders, boosting tourism and trade and paving the way to regional co-operation and joint planning.

Nobody wants these changes more than the tourism and municipal officials in Eilat, where there are grand dreams of building a Red Sea tourism triangle between Eilat, the Jordanian port of Aqaba and the tiny Egyptian resort of Taba. In their enthusiasm, officials say they envisage a "Middle East Riviera" in the desert which will also operate as a free trade zone.

Some of the grandiose projects, such as a desalination plant, may remain on the drawing board for a long time. But opening the border and funding limited infrastructure projects is certain to fuel an investment boom in the Gulf of Aqaba, where Mr Kadosh says Israel and private companies are already investing \$500m

(£322m) this year in infrastructure, new hotels and tourist facilities.

Among the most attractive projects to both sides are a paved 14km Taba-Eilat-Aqaba promenade snaking around the Gulf of Aqaba, shared use of airports, ports and roads, joint management of water, waste and sewage and co-operation to combat industrial pollution and preserve the delicate marine environment.

"The only way to survive in the world today is to be part of something bigger and to co-operate with your neighbours," says Mr Dov Sharf, the town clerk. "Both sides have to be satisfied. We can help the Jordanians a lot and they can help us."

An obvious example is shared use of airports. Eilat, which receives at least 500,000 visitors a year, has a small airport which cuts the town in half and cannot receive jumbo jets. The town would like to close the airport or shorten it for internal flights only, and use the large Jordanian airport at Aqaba, which operates at 10 per cent capacity, for charters and international flights.

The municipality has developed a proposal for a separate exit terminal for Eilat from the Aqaba airport, similar to the separate exits at Basle airport to France and Switzerland. Under this arrangement Israel would pay Jordan for airport services.

Co-ordination in pollution, environmental protection and town planning is also vital in an area short of land and developing rapidly.

Two projects are almost cer-

tain to be among the first in the wake of the summit in Washington - a \$450m toll road linking Egypt to Jordan via Israel and the phased opening of the border, first to foreign tourists and then to Israelis and Jordanians.

The road has been planned for more than a decade but has been held up pending progress in peace talks. Israel wants to construct a 14km tunnel from Ras el Negeh in Egypt to Eilat, 17km north of Eilat on the Israeli-Jordanian border. Such a tunnel would avoid traffic congestion in Eilat and lessen security and customs difficulties for transit traffic. Trucks and buses destined for Jordan and Saudi Arabia would have a fast channel.

The road would link, for the first time, Jordan and Saudi Arabia with North Africa for cargo and commerce. Israel hopes much of the money would come from foreign private investors and would like Saudi Arabia to participate.

Much of the traffic on the road would be North African pilgrims to Mecca who now have to take the ferry from Nuweiba, in the Egyptian Sinai, to Aqaba. At the height of the annual pilgrimage, at least 4,000 people are ferried across the Red Sea every day.

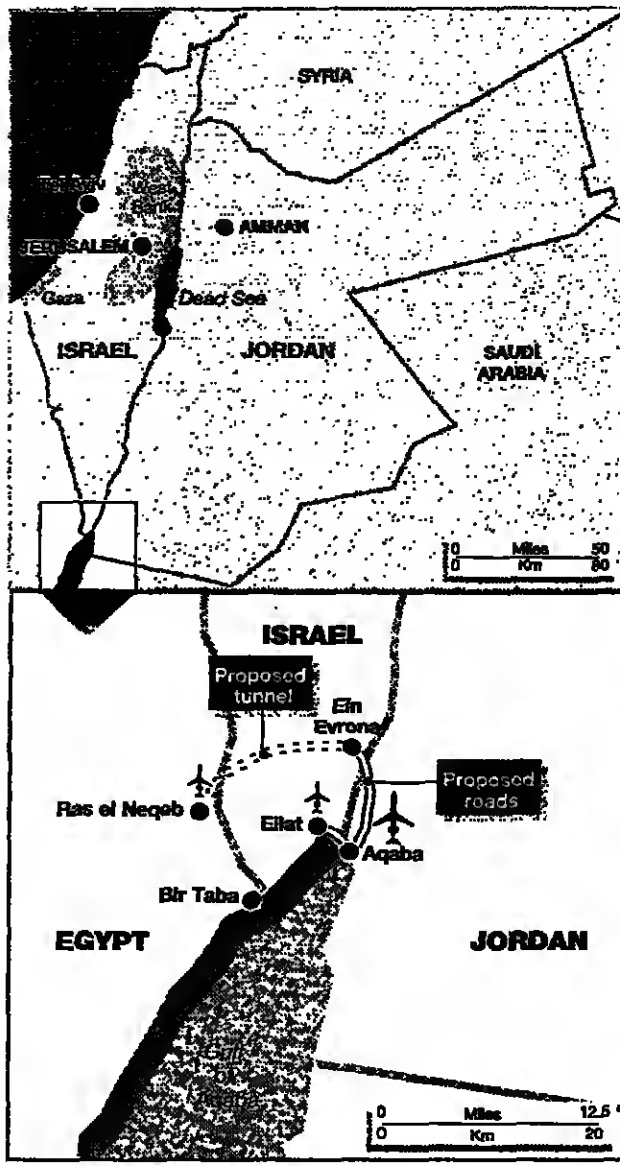
Opening the borders to tourism is also a easy first step with obvious economic benefits. Once foreign tourists can cross between Eilat and Aqaba, the two countries can market combination packages and develop joint promotion campaigns overseas with a "peace-

package which might include the Red Sea, Jerusalem, Petra, the Dead Sea, Wadi Rum and the Negev desert for the price of one air ticket. With Egypt in a regional tourism association, Cairo, Luxor and Aswan would all be reachable.

The tourist boom is already unfolding in Eilat. The \$90m, 370-room Royal Beach Hotel, part of the Israel chain, has just opened. At least eight hotels are under construction to join the existing 43 hotels with an average occupancy last year of 85 per cent. The tourism ministry says Eilat will double its hotel rooms to 12,000 within five years.

In October, the city will open a \$5m artificial lagoon development on the north beach and break ground on a \$6m regional tourist management university and a \$35m sports centre which it hopes will attract international teams from Europe seeking a warm winter training location.

Government and municipal development, combined with the prospect of an opening of the Israeli-Jordanian border, will fuel further private-sector investment. The biggest Israeli development will be in the Timna Valley, site of ancient copper mines, 28km north of Eilat. Mr Sol Kerzner, the South African hotel tycoon, has proposed to build a \$450m Holy Land "Sun City" if the government grants him a concession for a complex of casinos, at present banned in Israel. A French consortium has also tabled plans for a massive resort development as has a sister company of Disney-



Daewoo wins \$208m water supply order in Libya

Daewoo of South Korea yesterday said it had won a \$208m (£134m) contract from the city of Benghazi in Libya to undertake water supply, sewage and drainage works and lay pipes to absorb rain in the city's Slawi area, AP-DJ reports from Seoul.

Separately, Daewoo Corporation, the trading arm of the conglomerate, said it had won a \$30m order from Malaysia's real estate developer, Selangor Dredging group, to build a 27-storey building complex.

Alcatel in China

Alcatel Australia, a unit of Alcatel Alsthom of France, has signed contracts valued at A\$56m (£26.6m) to provide telecommunications equipment to China, AP-DJ reports from Canberra.

The company will supply and install digital switching exchanges to the autonomous regions of Tibet and Ningxia and the province of Gansu.

Thai steel move wait

The Thai government is considering allowing more hot and cold-rolled coil steel makers into Thailand, despite an agreement to preserve Sahaviriya Steel Industries' monopoly until 1999, AP-DJ reports from Bangkok.

The Thai Board of Investment was supposed to have decided this week whether to rescind Sahaviriya's protection, but it deferred the decision until next month.

Toshiba venture

Toshiba Battery, a unit of Toshiba Corporation, plans to start producing nickel-metal hydride rechargeable batteries in the US with Durnell Industries of the US and Varta of Germany, Reuters reports from Tokyo.

The three companies will form a joint venture in the US at the end of 1994, or at the beginning of 1995, and plan to start producing batteries by the end of 1996. A total investment of about \$100m (£66m) will be necessary to start production, Toshiba said.

US renews pressure on China over intellectual piracy

By Jeremy Kahn in Washington and
Guy de Jonquieres in London

The US yesterday renewed pressure on Beijing to open its markets and stamp out technological piracy, ahead of a General Agreement on Tariffs and Trade meeting next week which is due to discuss the terms on which China would re-join the body.

Ms Charlene Barshefsky, deputy US trade representative, said in Beijing that China must open its markets wider to US services industries,

notably insurance and telecommunications.

The US is also demanding that China crack down on abuse of intellectual property rights, which US industries say currently costs them almost \$1bn (£600m) annually.

Ms Barshefsky, who is in Beijing for negotiations with Ms Wu Yi, China's foreign trade minister, is pressing China to close 26 factories which the US says are using pirated technology to produce compact discs for export. US officials have been concerned by

the discovery of discs throughout south-east Asia and in Canada. The factories can make up to 75m discs a year, Ms Barshefsky said.

The US government last month gave China six months to enforce laws to protect intellectual property such as trademarks and copyrights. Without improvement, China faces US trade sanctions on \$800m worth of exports.

Ms Barshefsky said her talks with Ms Wu were "constructive," though progress in opening up China to for-

eign goods was progressing slowly. This week - after weeks of delay - the first shipment of US apples arrived in Shanghai. Though Ms Barshefsky was pleased China was accepting more foreign agricultural goods, she said it was "unacceptable" that China was importing apples from only one US state, Washington.

Ms Barshefsky also criticised recent statements by China that it plans to offer a "final" set of concessions, which were not open to further negotiation, at next week's talks in

Geneva on its application to re-join Gatt. She said Beijing's approach was "not productive" and "a recipe designed not to reach agreement".

AP adds from Beijing: The Chinese cabinet has responded to US pressure by agreeing to meet regularly to discuss intellectual property right infringements, an official newspaper said yesterday.

The China Daily said the cabinet aimed to draw attention to infringements and had called on state-run media to highlight them.



IF YOU'RE GOING TO DRIVE, DRIVE



IRELLI



Heseltine hails record inward investment jobs

By Andrew Baxter and Gillian Tett

Overseas companies created a record 28,727 new jobs in the UK last year through inward investment projects, and helped safeguard 67,372 jobs, said Mr Michael Heseltine, trade and industry secretary, yesterday.

The new jobs total is up 40 per cent on 1992/3, while the number of inward investment projects - new or expanded operations and acquisitions - rose 25 per cent to a record 404, according to the annual report of the Invest in Britain Bureau.

The report was viewed by the government as further confirmation that the UK welcomes more overseas companies than any other country in Europe, in spite of increasing competition from the rest of the European Union.

The total number of jobs created or safeguarded by inward investment was 96,099, up sharply from 69,271 in the previous year. But officials pointed out that about 30,000 of the 67,372 saved jobs were linked to BMW's takeover of Rover.

The report says foreign owned enterprises now account for 17 per cent of all UK manufacturing jobs, 23 per cent of net output and 33 per cent of net capital spending. Among new investments in 1993 was the £15m being spent by Fujitsu Furukawa Communications, which makes fibre-optics equipment, on a European headquarters at Birmingham Business Park; and a £3.5m European headquarters at Gillingham Business Park for Hochiki, a Japanese producer of fire detection systems.

Nearly half or 183 of the 404 investment projects were made by US companies, up from 126

in the previous year. Investments by German companies slipped from 51 to 45, while Japanese projects rose from 21 to 30.

Meanwhile, the UK's Central Statistical Office said yesterday that British exports to countries outside the European Union rose to record levels in the second quarter of this year.

The total value of exports to non-EU countries between April and June was a seasonally adjusted \$15.67bn, a rise of 1.5 per cent compared to the previous three months, and 10 per cent compared to the same period a year ago. On a monthly basis, exports rose to \$5.27bn in June, from \$5.09bn in the May.

Exports to North America grew at the fastest rate of the sectors in the last quarter, rising 6.5 per cent, compared to the first quarter, and 15 per cent compared to the second quarter of 1993.

Exports to the world's other leading industrialised countries in the Organisation for Economic Co-operation and Development grew by 6 per cent in the three months to June, quarter on quarter. UK car production this year is likely to reach a 21-year high if export trends indicated by industry statistics yesterday are sustained.

Production for export in June, at 48,213, jumped by more than 20 per cent for the second month in succession, strengthening the industry's hopes that Continental Europe's car market recovery is accelerating after one of its sharpest recessions on record.

With record sales being forecast for August, the export performance helped lift total car output in June by 7.7 per cent, to 145,078, compared with the same month a year ago.

S Africa back at the crease

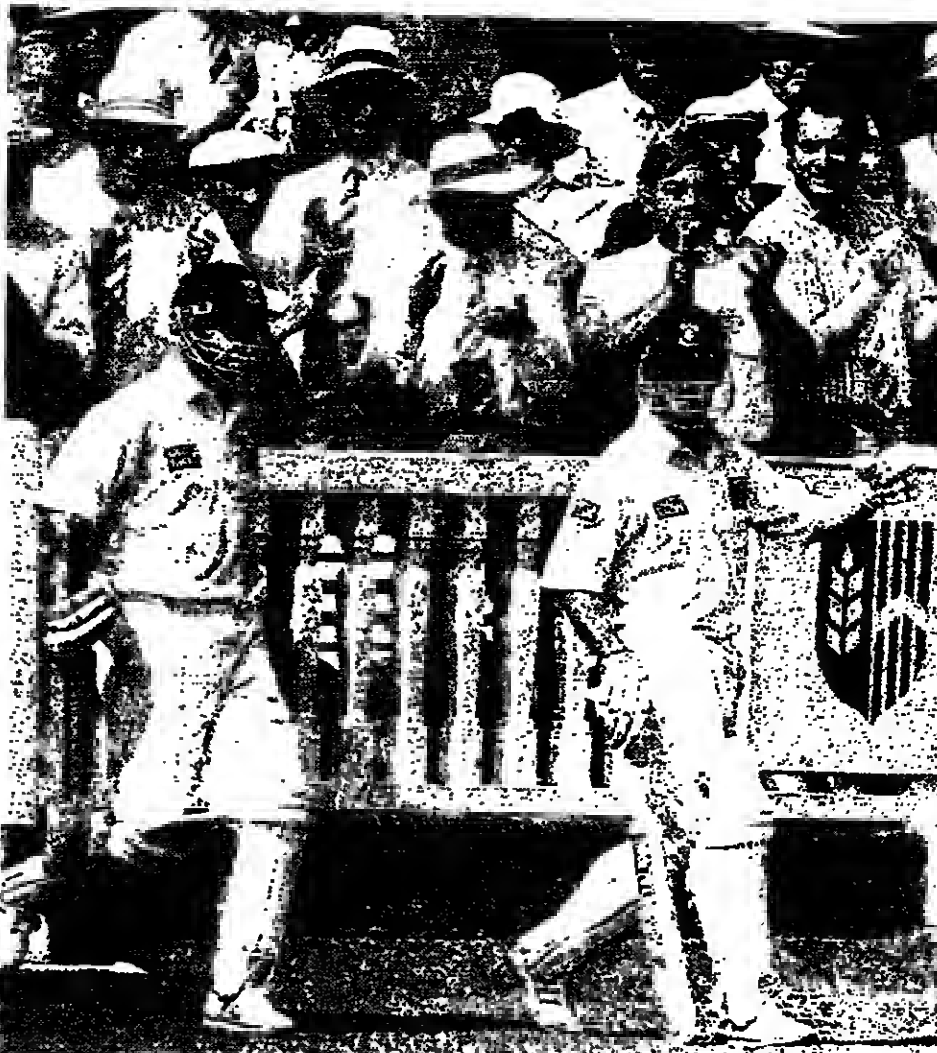
South Africa returned to the home of cricket yesterday for their first Test match against England for 29 years, Jim Kelly writes.

A capacity crowd at Lord's cricket ground in north London gave Gary Kirsten and Andrew Hodson a standing ovation as they walked out to begin an historic innings.

The last time the two countries met at Lord's the moon was still four years away. A ticket cost 75p - compared with £33 yesterday. The first four days of this match have been sold out for several months.

South African President Nelson Mandela was not able to witness the end of the last chapter in his country's sporting isolation due to his recent cataract operation, but was represented by his deputy, Thabo Mbeki.

But the homecoming was not as successful as the South Africans would have liked, struggling to 76 for two at lunch. They finished the day at 244 for six - with captain Kepler Wessels making 105 only to fall shortly before the close, brilliantly caught by tumbling wicketkeeper Steve Rhodes off the bowling of Darren Gough, who finished the day with three for 43.



South Africans Gary Kirsten, left, and Andrew Hodson make history at Lord's cricket ground in London as they walk out to open the batting in the first Test match against England for 29 years

Water tests find just 1% fails to meet standards

By David Lascelles, Resources Editor

Tap water in England and Wales is good and getting even better, according to the government inspector.

Mr Michael Rouse, who heads the Drinking Water Inspectorate, said that 3.6m quality tests last year found sub-standard water in only 1.1 per cent of cases. Each of these was later investigated but none was found to pose a danger to the health of consumers.

Mr Rouse criticised the media for putting about "ill-founded scare stories" on water pollution. This resulted in people who could ill-afford it buying expensive bottled water whose quality was not monitored as closely as tap water, he said.

Mr Robert Atkins, the environment minister, has sent a copy of the report to Mr Ioannis Paleokrassas, the EU environment commissioner in Brussels. He said yesterday that the UK was the only EU member state which produced an independently audited report on drinking water quality, and he urged Mr Paleokrassas to encourage other mem-

ber states to do the same.

Mr Rouse's report comes at a time when water companies are defending themselves against criticism of fast-rising charges. Next week, Ofwat, the water industry's economic regulator, is due to announce new ten year price controls which are expected to impose tougher limits on future increases.

The water companies were quick to seize yesterday's report as evidence that their investment in quality is paying off. Janet Langdon, director of the Water Services Association, said: "The quality of water is at an all time high. At 26p per day for the average household, the cost of top quality water is excellent value for money." However she said that Ofwat could not impose price controls which prevented the water companies meeting their obligations to provide high quality water.

Enforcement action was taken against water companies over breaches of regulations in 213 cases, but there were no prosecutions. The decision whether to take a case to court rests not with the inspectorate but with the Environment Secretary.

Sinn Féin response 'wins IRA backing'

By Tim Cooney in Dublin

The IRA military leadership has apparently endorsed proposals to be put to a special delegate conference of its political wing Sinn Féin this weekend. The party's definitive response to the Downing Street declaration is to be made at the conference, which will be held in Donegal this Sunday.

In a statement published yesterday in An Phoblacht, the weekly newspaper of Sinn Féin, the IRA army council said: "We encourage Sinn Féin as it continues to strive for the creation of a viable peace process. We note also the effort of others in this regard."

The Sinn Féin national executive is to present proposals to the conference on the party's response to the UK-Irish declaration, which will provide the focus for debate. The IRA statement appears aimed at reassuring the conference that there is a unity of purpose between the IRA army council and the Sinn Féin leadership.

The IRA statement said it had "a vested interest in securing peace" and that it would maintain "a positive and flexible attitude to developments in the peace process". It also reiterated its adherence to "republican objectives which include the right to national self-determination".

Downing Street responded brusquely to yesterday's statement, saying it did not "measure up to" a permanent cessation of violence which was the only thing it was interested in. The key issue emerging from the conference will be whether there is any statement or hint that the IRA should suspend its military operations.

There have been growing expectations that the IRA was prepared to countenance an extended ceasefire in the late summer or autumn, in spite of the intensification of its operations in recent weeks.

Both governments have recently reiterated that a temporary ceasefire will not be sufficient for Sinn Féin to be admitted to direct talks.

Re-think urged on rail work sell-off

By Charles Batchelor, Transport Correspondent

Civil engineering contractors are urging the government to rethink its plans to privatise the companies which carry out £1bn worth of maintenance and track renewal work for the railways.

The Federation of Civil Engineering Contractors, which represents 300 of the largest companies in the sector, said that it wanted the government to break up British Rail's infrastructure services division into smaller units.

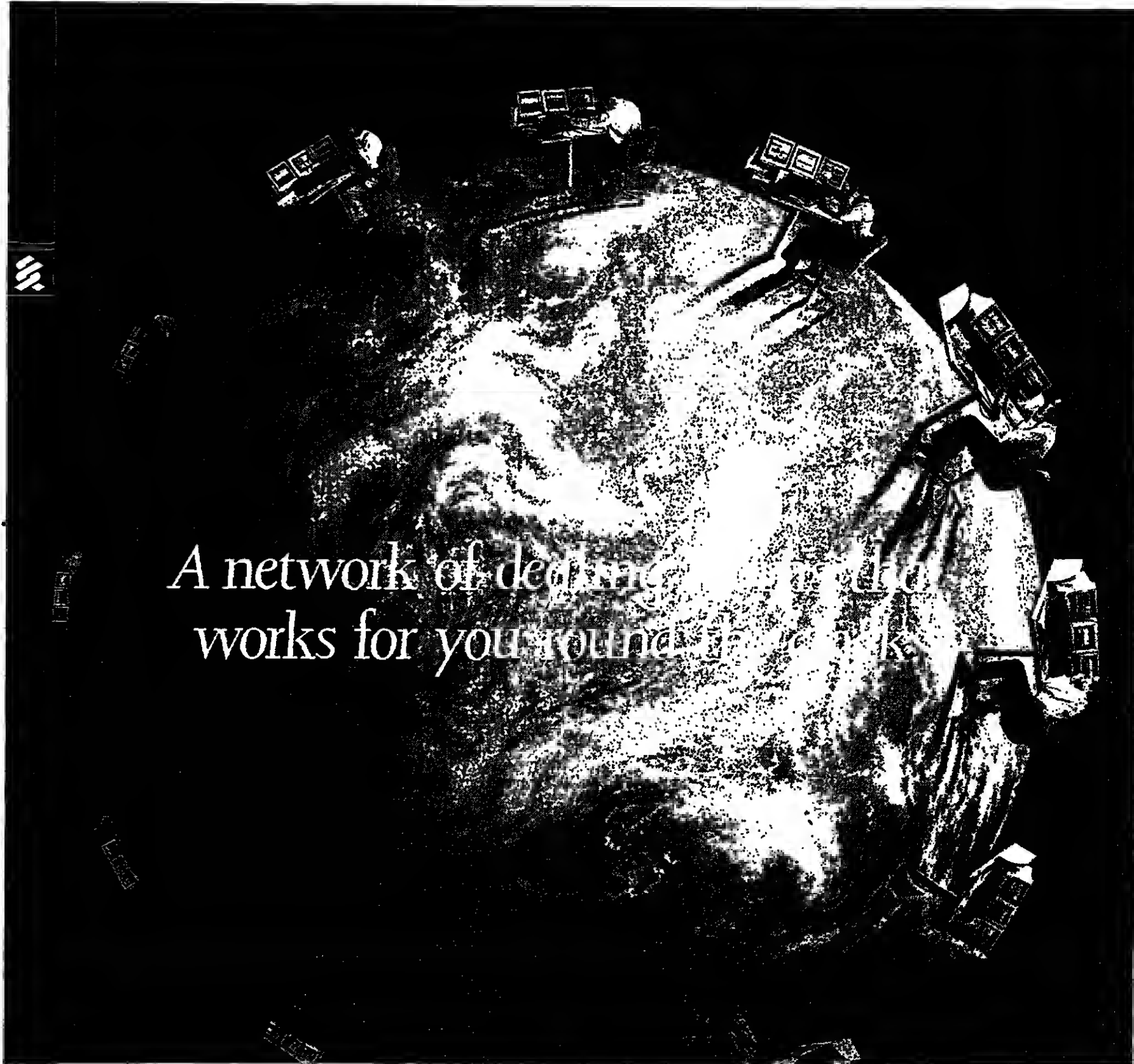
The maintenance companies to be put up for sale have contracts worth between £20m and £120m a year so could only be bought by a handful of the largest contractors, said Mr Maurice Webb, industry director of the federation.

The federation is pressing for them to be broken up into smaller units starting at £50m worth of contract value so the smaller contractors could bid. It fears that the present proposal would lead to the transport construction sector being dominated by a small number of very large companies.

"At present the number of companies which could bid would be limited to the top 10 or 12 contractors," Mr Webb said. Most of these very large contractors are federation members but Mr Webb said it was acting for the smaller and medium-sized companies.

The federation held a preliminary meeting with Mr Roger Freeman, transport minister, on Wednesday, the day he was moved to the ministry of defence. It hopes for a further meeting with his successor, Mr John Watts.

The department of transport said there were no plans to alter the present arrangements for privatising BR's infrastructure activities. The federation is also concerned at the government's plan to split maintenance work from track renewal contracts when it privatises the infrastructure companies. It wants bidders to be allowed to buy companies which carry out both maintenance and track renewal.



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The search for universal ethics

Tim Dickson on the launch of a new set of business principles

A n international ethics code - stressing the need for moral values in business decision making - will be formally launched in Switzerland this weekend.

The Caux Round Table's seven-point *Principles for Business* contains nothing which will surprise enlightened companies. However, it is thought to be the first time a document of this kind has attracted influential supporters from Europe, Japan and the US.

Signatories include Ryuzaburo Kaku, chairman of Japan's Canon, John Charlton, managing director of New York's Chase Manhattan Bank, and a group of senior executives from the twin cities of Minneapolis/St Paul.

The aim of the CRT initiative is to set "a universal standard against which business behaviour can be measured", a benchmark which will help more individual companies devise their own codes. "We seek to begin a process that identifies shared values, reconciles differing values, and thereby develops a shared perspective on business behaviour acceptable to and honoured by all," say the authors in their introduction.

CRT, which meets annually in the Swiss village of Caux-sur-Montreux, was formed in 1986 by Frederik Philips, former President of Philips of Eindhoven, and Olivier Giscard d'Estaing, vice-chairman of the Insead business school at Fontainebleau, France, as an attempt to reduce then escalating trade tensions with Japan. The group is concerned with "the development of constructive economic and social relationships between the participants' countries and with their joint responsibilities towards the rest of the world."

The *Principles* are said to be drawn from two ethical traditions: the Japanese philosophy of *kyosei* described by Canon's Kaku as "living and working together for the common good of mankind" and "human dignity" which refers to the sacredness or value of each person as an end, not simply as a means to the fulfilment of others' purposes or even majority prescription.

"What we didn't know at the beginning," explains Neville Co-

per, chairman of the Top Management Partnership, a former executive director of STC and a founder of the UK's Institute of Business Ethics, "was whether we could reconcile the three different approaches. The Americans tend to emphasise company rather than state responsibility for community affairs, the Japanese place more importance on the team rather than on the individual, while in Europe there is a strong tradition of individual rights."

The CRT document, which owes a debt to *The Minnesota Principles*, a statement of business behaviour developed by the Minnesota Centre for corporate responsibility, comprises seven general principles and a number of "stakeholder" principles.

It affirms the responsibilities of business towards a range of stakeholders (for example, customers and employees as well as shareholders) and to the countries in which they operate. Suppliers and competitors should expect businesses "to honour their obligations in a spirit of honesty and fairness."

Business behaviour should be governed by a spirit of trust which goes beyond the letter of the law, while domestic and international rules should be respected. Other principles require companies to promote "the progressive and judicious liberalisation of trade, to protect and, where possible, improve the environment" and to avoid illicit operations.

Cooper believes the case for corporate ethics is much more widely accepted than it was seven years ago and reckons, for instance, that one in three leading UK companies now has its own code. "People say an ethics code can't make you ethical but then it's only a tool, just as a hammer doesn't build you a house," he insists.

He insists that statements of practice are an important way to clear up ambiguities for the "junior people" in an organisation.

Copies of the *Principles for Business* can be obtained from Caux Round Table Secretariat, Amstelstraat 10, 2514 JC The Hague, The Netherlands. Tel: (070) 360-5260, Fax: (070) 361-7208.



Waste not, want not: along the shores of Worthington Lakes, impressionable seven-year-olds are taught how to save water

Lessons for water babies

John Authers looks at a project which helps schools

N orth West Water is taking an extremely long-term approach to water conservation.

It has set up its own fully-fledged "school" by the shores of Worthington Lakes, a reservoir near Wigan, to which it invites children from local primary schools for day-long sessions in the importance of water and its conservation.

The entire project is funded on a scale which few companies outside the utilities sector could dream. The impressionable seven-year-olds who attend are unlikely to waste water again.

The teacher, a water company employee, tells them how much water goes into an average bath, and then to gasps from the pupils shows them this is 119 litres. They are even more astonished when she demonstrates that a shower will only use nine litres.

This turns to amazement when they are told that if they are naughty about the way they brush their teeth and leave the tap running, they could use up to 18 litres.

In the long term, these lessons, repeated to a different school in the area each day, should reduce the amount of water which is wasted in the north west.

While a public relations exercise to a large extent, the company has

resisted the temptation to ram home its brand identity. Its logo is scarcely visible in its education centre.

Teachers' responses are positive. Pupils have a day out and a valuable learning experience tied to the national curriculum. As the expense is met by the company, it is an excellent deal for schools.

North West Water has taken a lead, but all the water companies have launched big investment programmes since privatisation. They have gone far beyond the crudest educational links, which provide companies with good publicity in return for resources and now provide schools with a package which teachers are happy to use.

Severn Trent Water, which is opening a regional network of educational centres similar to Worthington Lakes, admits that they are aimed primarily at solving its image problem. According to Derek Alder, who co-ordinated the programme: "Post-privatisation we weren't the most popular of companies. We were seen as a virtual monopoly. The profitability of the company was denounced, while our infrastructure investment was ignored."

It was therefore vital for a company facing this kind of criticism to prove itself a good corporate citizen. It also needed a way to show people

what it was doing without arousing the ire which glossy commercials might have provoked.

According to Alder, the company's defence is that it would not feel able to bring schoolchildren (or adults at visitors' centres) on to their sites unless they were confident their business would withstand scrutiny. As he put it, used car dealers are not likely to launch their own education programme.

Sir Desmond Pitcher, chairman of North West Water, takes a similar view: "Our business is so bound up with the day-to-day lives of our customers, that it is vital we are closely involved with the communities which we serve."

"The education programme allows us to communicate directly to children and teachers. There is so much misinformation about our industry that this communication is the most effective way to open people's eyes to the real issues and challenges we face."

The newly privatised water companies may each have monopoly status in their own areas. But their massive spending on educational and community programmes suggests that they do not feel able to abuse that status. In their education programmes, they seem to be providing more direct help to state schools than any UK industry.

Peter Aspden on a post-graduate course with a difference

A philosophical approach

I t is the glossy prospectus which first suggests that there is something different going on here. Atmospheric photographs of droplets of water disturbing a calm surface, shafts of sunlight defining a clearing in a cave, hazy landscapes, verdant springs; it could be a campaign leaflet from the Green party or the programme for a performance of Beethoven's Pastoral Symphony, but surely not the outline for a new post-graduate management course.

Yet Lancaster University's Master of Philosophy in Critical Management, launched in April, has a few more surprises up its anything-but-pinstriped sleeve. The 14 students on the present programme were greeted with a two-week introductory course on epistemology and the problems of philosophy, about as far as you can get from the vocational emphasis of most management degrees.

Slowly, throughout the three-year, part-time course, they will be introduced to a variety of ethical, cultural and even religious discussions which more frequently lurk in the corners of university philosophy departments, often destined to fade into abstraction and irrelevance.

For Jonathan Gosling, co-director of the programme, these issues are too important to be left to such a fate. "We were prompted by the conclusion that at the very heart of management lie all kinds of philosophical and ethical questions. And we are entering for a demand that is already there - out of every MBA class of 25, for example, there are always two or three who want to question what rationality is, and how reasonable it is to assume so much about it."

It is the "critical" in the programme's title that best defines its aims. Julia Davies, the other co-director, says the course aims to go beyond the "flavour of the month" feeling about much management education.

"A lot of management rhetoric uses an almost religious language to dress up what is in effect materialistic. The 'market' often

takes the place of God, and by calling people 'customers', they not only feel 'empowered', but they are made to think they are doing some kind of good. We aim to be critical of such rhetoric, and determine to what extent it rests on illusions."

Gosling denies suggestions that the course constitutes an ideological critique of management - "we are not out to destroy anything, we believe good management is critically important to society" - but there is a hostility to the department to the "jurification" which has continued to dominate the subject's literature.

Robert Chia, a lecturer in the Management School, says fashionable concepts such as Total Quality Management or zero-based budgeting emerged from radical approaches to problem-solving. "But people get hooked on the system instead of the style of thinking behind it." He thinks nothing of peppering his lectures with philosophers such as Jacques Derrida or Roland Barthes, balanced with anecdotal examples from the business world. "It strikes a chord - we manage to cut through the crap of academic pretentiousness. What I try to show is that abstract ideas are actually not all that abstract."

Gosling, in the meantime, is confident of the future of courses such as the Lancaster M Phil. "It attracts the kind of person who may already have an MBA, but finds nothing to relate to in something like pure philosophy." Current students include the head of organisational development of the German health insurance company, AOK; a brand manager for Philip Morris in Japan; and the human resources director of Romania's economic development agency.

Gosling also feels he and his colleagues have caught something of the zeitgeist. "There is less security and more vulnerability around now, which the traditional MBA, with its assumption of ever-quiet, ever-upward, does little to cater for. We can provide a notion of mortality."

PEOPLE

Ligon strides out for Levi Strauss

Levi Strauss UK, the clothing manufacturer, has appointed its second female general manager. Janie Ligon will take over at the start of next month from her US compatriot Jann Westfall, who has done the job for four years and returns to headquarters in San Francisco.

Ligon will be based at Levi's head office in Northampton, and will be responsible for all its business in the UK and Ireland.

With the company for 14 years, her previous role was national sales manager (womenswear) for Levi Strauss North America, covering the US, Canada and Mexico. She has much deeply involved in moves to improve links between the manufacturer and its stockists, both in terms of staff and technology. Her aim

was to manage and co-ordinate better the whole cycle from the manufacture through to the sale of garments so as to maximise retail sales.

Levi Strauss hopes she can bring that expertise to its UK and Irish operations.

Ligon has also worked hard on expanding electronic data interchange (EDI), or the exchange of sales data between the manufacturer and its retail outlets - seen as being an important trend in retailing for the 1990s.

She was previously director of operations in the US, and, from 1986 to 1991, merchandising manager for women's jeans worldwide, having held a number of posts in preceding years. Before joining Levi Strauss she was business planning manager at Del Monte, and a man-



Janie Ligon, new general manager of Levi Strauss UK

Non-executive directors

■ Tony Coleby, retired director of the Bank of England, and Peter Gummer, chairman of Shandwick, at HALFAX BUILDING SOCIETY.

■ Tony Frendo, a former director of Argyl Group, and Stuart Hollander, a former md of Aquascutum Group, at STAFFORDSHIRE TABLEWARE.

■ Chris Ingrams, chairman and chief executive of CIA Group, and Lord Lane of Harewood, retired senior partner of BDO Binder Hamlyn, at CHRISTIE GROUP.

■ Baroness O'Cathain has resigned from SEARS.

■ Liam Kane, chief executive of Caledonian Publishing, at the SCOTTISH NATIONAL TRUST.

■ Anthony Westropp, chairman of the Britton Group, and Stuart Henderson, chairman of SLD Holdings, at MARLING INDUSTRIES; Mark Skelchey has retired.

■ Sir Peter Carey has retired from CABLE AND WIRELESS.

■ Martin Duffy has resigned from CRP LEISURE.

■ John Renyi has resigned from GOVETT ORIENTAL INVESTMENT TRUST.

■ Dieter Hermann has resigned from MELVILLE GROUP.

■ Marvin Jaffe, former president of the R.W. Johnson Pharmaceutical Research Institute, at CHIROSCIENCE GROUP.

■ David Carruthers, a director of T&N, at RUBICON GROUP.

■ Godfrey Whitehead, former senior partner of Coopers & Lybrand, South Coast, at PEGASUS AIRWAYS.

■ And Puri, former md of Lithopack and J.S. Duxbury, at parent MELTON MEDES.

■ Jim Park (below), former md of ICI Films, at ALTRO GROUP and at BORTHWICKS, from where Dennis Carey has retired.

Coopers & Lybrand

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The Joint Administrative Receivers, Timothy R Harris and David R Wilson offer for sale, the business and assets of this well-known photography and land surveying firm located in Borewall, near Hinxley, Leicestershire.

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For further details, please contact the Joint Administrative Receiver, David R Wilson or Graham Wollott of Coopers & Lybrand, 43 Temple Row, Birmingham, Telephone: (021) 200 4000. Fax: (021) 200 4040. Or, of the company, telephone: (0455) 841540, fax: (0455) 841785.

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LEGAL NOTICE

UTILITY CABLE PLC

A Petition by Utility Cable plc, whose registered office is at 19 Austin Place, Edinburgh, for confirmation of reduction of share premium account has been presented to the Court at Edinburgh. On Tuesday, 19th July 1994 the Petition is to be read in the Court at Edinburgh. The Petitioner is to be represented by the Edinburgh and Glasgow and each of the Southern and Financial Times newspapers. The Order further allowed all persons claiming an interest in the share premium account to lodge objections to the Petition, if so advised, within 14 days after such intimation and advertisement. This advertisement is made in pursuance of that order and any person in the Petition should be lodged within 14 days hereafter.

David & Wilson, CS, Solicitors, 21 Cecil Court, London EC3A 7LN.

APPOINTMENTS

SALES ASSOCIATE

Leading international investment firm requires a sales associate to increase sales of U.S. Government Bond and U.S. Mortgage products to clients; develop relationships with potential clients in Eastern Europe and assess client needs for present and future Fixed Income and other capital markets products. Applicants, aged 25-30 and educated to MBA level should have 2-3 years' relevant work experience preferably gained in the U.S. and Eastern Europe, extensive knowledge of U.S. mortgage and financial products worldwide, contacts in the U.S. and Eastern Europe, strong analytical, communication and interpersonal skills. Salary circa £34,000 (fixed).

Please write in strict confidence, enclosing full curriculum vitae, to: Box A2119, Financial Times, One Southwark Bridge, London SE1 9HL.

Insurance moves

■ Julian Cusack, md of Wellington Underwriting Agencies, has been appointed to the board of WELLINGTON UNDERWRITING HOLDINGS.

■ Andrew Hussey and Roger Sedgwick Rough, formerly directors of Murray Lawrence Members Agency, have been appointed directors of Wellington Members Agency.

■ Rafael Miquelena and David Way have been appointed to the board of FENCHURCH Insurance Brokers.

■ Stephen Gordon and Malcolm Nightingale have been appointed to the board, and Christopher Stevenson company secretary of RELIANCE NATIONAL INSURANCE Co (UK).

■ Margo Black has been appointed a divisional director of E.W. PAYNE's overseas division; she moves from Munich Re.

■ Andy Dyble, group finance director for Skandia Life Assurance (Holdings), Skandia Life and Professional Life, has been appointed to the board of SKANDIA LIFE ASSURANCE (HOLDINGS).

■ Kevin Dean has been appointed a director of CMI's Isle of Man operation.

■ Eric Galbraith, formerly a director of Bowring, Marsh & McLennan, has been appointed md of ROYAL BANK Insurance Consultants on the retirement later this year of Norman Paterson.



Lord Young, executive chairman of Cable & Wireless and a former Trade and Industry Secretary, is to become president of the National Federation of Enterprise Agencies.

The organisation speaks on behalf of 130 enterprise agencies throughout England which provide business services to small and medium sized enterprises.

The agencies are coming under some budgetary pressure as funds supporting their

support services are being diverted into the Single Regeneration Budget which the government hopes will improve the coherence of its inner-city regeneration policies.

Michael Heseltine, a successor of Lord Young at the DTI, is keen for the Enterprise Agencies to integrate with Training and Enterprise Agencies and Chambers of Commerce into the government's one-stop-shop Business Link network.



TECHNOLOGY



Step into the store of the future. Just inside the doorway is a kiosk containing an interactive computer terminal that will become your personal guide to the store, showing you what is on offer, giving information on products in attractive audio-visual displays, and eventually taking your order and payment.

Multimedia, the combination of sound, moving and still pictures, graphics and text on a computer screen, has long been seen as one of the most exciting new technologies for retailers. It is potentially a powerful tool for communicating with customers and improving service and sales.

Unlike many technological changes in retailing which have occurred behind the scenes, multimedia is a highly visible way of using technology to enhance the customer's shopping experience.

Until now, the reality has lagged behind the vision. Retailers have been cautious about exploring the possibilities of multimedia, regarding it as a solution waiting for a problem.

However, Don Jackson, a consultant specialising in multimedia with ICL Retail Systems in the UK, says following demonstrations of multimedia given by ICL earlier this year, 48 retailers from several countries have expressed interest.

"At last the technology has caught up with the hype," he says. "Retailers are recognising and accepting the benefits. We could see significant movement next year."

He adds that the progression from electronic points of sale, the biggest retail innovation of the 1980s, to electronic points of service, is a logical and natural one.

The most important benefit of multimedia is likely to be to enable retailers to carry wider ranges

Crude forms of multimedia have been around since the early 1980s, when computers linked to laser discs began to be used in shops to provide visual displays.

What makes modern multimedia systems more attractive to retailers is the ability to integrate them into their logistics and distribution systems, and to make them interactive. That gives customers the opportunity to control information displayed on the screen rather than watching a pre-recorded sequence.

The in-store kiosk assists customers in selecting their purchases and eliminates problems caused by store assistants having inadequate know-

ledge of products, by offering customers far more information than could be retained in the head of shop staff.

Reality catches up with vision

Moreover, by including a video camera in the terminal, the screen could display an image of what a particular garment, for example, would look like on a customer, and show the garment in a range of colours or sizes. The system could also be programmed to suggest alternatives if an item was out of stock, or additional purchases linked to the main purchase.

A more advanced version of the multimedia kiosk would include a credit card reader to allow customers to pay for goods and a link communicating the order to the stockroom, and if necessary triggering re-order of items from the manufacturer.

It might also record the customer's choice, as well as the alternatives considered by the customer and the length of time spent looking at different parts of the catalogue, to allow the retailer to build up a profile of the shopper's preferences. This could be linked to a loyalty scheme, whereby regular shoppers would receive "smart" cards which they would insert into the multimedia kiosk, allowing the system to "recognise" them, greet them and offer discounts or inform them of special offers.

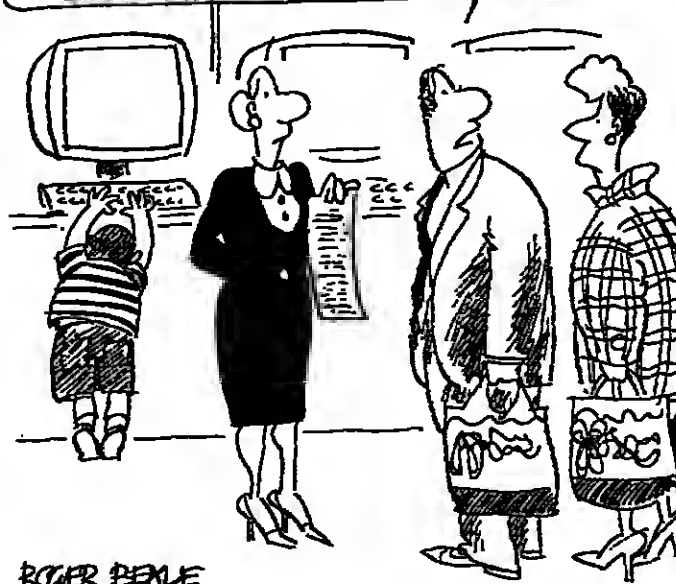
The development of multimedia kiosks opens up other possibilities. They could, for example, be placed in shop windows or outside stores, to allow customers to look through the catalogue and even place orders outside shop opening hours. Kiosks could be removed from the store altogether, and placed in areas of high customer traffic such as airports, railway stations or even office reception areas.

From there, it would only be a short leap to customers being able to access the systems from their homes, once sophisticated digital communications networks are developed. "There are retailers who look on current multimedia systems as a stepping stone to proper, interactive home shopping systems," says Jackson.

In addition to allowing stores to

I THOUGHT WE LEFT HIM PLAYING A COMPUTER GAME BUT HE SEEMS TO HAVE SPENT £12,000

INTERACTIVE SHOPPING TERMINAL



ROGER BEALE

provide better service, and understand their customers better, the most important benefit of multimedia is likely to be to enable retailers to carry much wider ranges.

As customers grow accustomed to using multimedia, retailers might be able to reduce and eventually abandon display items altogether, storing products in a stockroom with customers picking up their orders from service points. That would allow greater ranges to be sold from the same, or less, floor-space.

For the moment, examples of multimedia being used in retailing remain isolated. Woolworths in the UK has experimented with a system called MV+

offering a 15,000-item catalogue of home entertainment products and giving the customer the chance of browsing and listening to or viewing clips before purchasing them. Ford is one of several car manufacturers introducing interactive terminals into showrooms to allow customers to see their chosen car in the colour and with the specifications they want.

Comsys of Belgium has developed a system already being used by some Belgian hardware stores to enable customers to choose a hairstyle from a database of 4,000 styles and see an impression of how it would look on them. In Denmark, estate agents are using multimedia kiosks to present information about prop-

erties on the market.

At London's Heathrow Airport, Galleria 21 has installed 24 multimedia kiosks for duty-free shopping designed by the John Herbert Partnership and using multimedia technology developed by AT&T.

One of the most advanced test programmes so far has been by Argos, the UK catalogue retailer. It introduced eight multimedia terminals into stores last autumn, and is installing another 12 this summer.

Argos' catalogue-based format lends itself naturally to multimedia, and the system, known as Impact (Interactive Multimedia Project - Argos Customer Terminal) offers both an electronic version of the catalogue and payment facilities.

Geoff Robinson, director of information systems, told a retailing conference earlier this year that the project had been a success, producing positive reactions from customers and staff, and achieving significant sales increases.

However, he added, usage rates by customers were only half the rate hoped for as it was often quicker to go through standard tills if the queue was short, the terminals were not promoted heavily enough or put in sufficiently prominent positions in the store, and the software was sometimes too slow and not exciting enough.

Argos says it has tried to rectify these problems with its second generation of terminals, but its experience demonstrates the complexities of getting the most from retail multimedia systems.

Multimedia is also likely to be more beneficial in some areas of retailing than in others. Those with most to gain are likely to be fashion stores and health and beauty chains, high street banks and sellers of complex and expensive items such as electrical and electronic goods retailers, and travel agents.

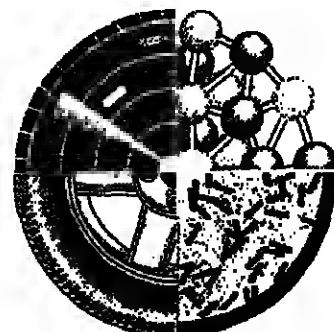
The technology is expected to make less of an impact in grocery retailing, although it could be used for menu and recipe suggestions and to guide customers around stores.

Julia Schofield, of Julia Schofield Consultants, an IT specialist which has formed a partnership with ICL to develop multimedia systems right requires strong software design and systems integration skills. "These must be focused on clearly defined and achievable goals, so that the return can be measured," she adds.

Retailers must have a very clear idea of what they want multimedia technology to do for them, she says, and make sure their system achieves that. But the technology already exists to enhance both the ease and excitement of shopping, and is waiting for retailers to use it.

Previous articles have appeared on June 9, 16 and 23, July 1, 8 and 15.

Worth Watching - Vanessa Houlder



Giving a voice to car navigation

The strains of map-reading while driving through an unfamiliar city could be eased when American, a Californian company, introduces a voice-operated car navigation system later this year.

Its AudioNav system, which connects to a car's compact disc player, will provide recorded voice directions in response to the driver's spoken commands, which are transmitted through a microphone clipped to the driver's sun visor.

The system, which uses digital map data converted to an audio compact disc format, is able to identify the origin of the trip, its destination and the fastest route. It uses map data, produced by Etak, a Californian subsidiary of News Corporation, which covers the US and metropolitan areas in Europe and Japan.

American, US, 818 93 21 200

Worm's eye view of pollution

Earthworms are being used to detect the long-term effects of environmental pollution.

Scientists from the UK's Natural Environment Research Council believe information from earthworm cells provides a simple, effective technique to assess the presence of heavy metals, dioxins and other potentially harmful chemicals.

Body fluid cells are taken from earthworms in contaminated areas. The cells are then exposed to a dye that is absorbed by the cells' lysosomes. If the earthworm has been exposed to pollutants, the dye is released rapidly; in normal earthworms, the dye is released slowly.

This type of "biomarker" technique is useful in cases where traditional chemical analysis cannot provide a comprehensive or accurate enough assessment of

the long-term effects of a cocktail of contaminants, particularly in seas, lakes and rivers.

The earthworm work is one of the first applications of biomarker techniques on land. It has helped in the assessment of the environmental impacts of waste products from gold mining in Africa.

Natural Environment Research Council, UK, 0783 411561

Turned on to description TV

UK broadcasters are launching a trial of a system which will make television programmes more accessible to people with sight problems.

Over the next four months, a number of programmes on ITV and the BBC will be broadcast with a data signal carrying an audio commentary describing what happens in the programme during gaps in the dialogue.

The Audel system uses set-top receivers which transmit the commentary through headphones or a loudspeaker.

The system was primarily developed to give people with sight problems greater access to television but it is also intended to appeal to other viewers who want to follow a programme while doing something else.

The system has been developed by a consortium including the Age & Cognitive Research Centre at Manchester University, BBC, ITV, ITV Association, Motorola and the Royal National Institute for the Blind.

BBC UK, 081 576 1619

Purer products for haemophiliacs

Bio Products Laboratory, part of the National Blood Service, has launched a highly purified blood product for the treatment of haemophiliacs.

Replenisin is a concentrated form of purified Factor IX, the clotting agent needed by people with haemophilia B to prevent bleeding. The Factor IX in Replenisin is 10,000 times purer than in the original plasma from which it is manufactured.

The purification is based on metal chelate chromatography, a process that uses copper to capture Factor IX from the plasma, while minimising damage to the protein.

Bio Products Laboratory, UK, 061 905 1818

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PROPERTY
One for the gamblers
Office investment is a triumph of hope over experience, writes Matthew Oakeshott

UK offices: rooms with little return



Investors began measuring the performance of their property portfolios about 25 years ago. Their office investments have since enjoyed only two short spurts in which they have out-performed shops and industrial property, in the early 1970s and the late 1980s. These were the two wildest speculative booms this century. Both ended in decline in the general property market and disaster for office investors. Otherwise offices have persistently underperformed retail and industrial property in both capital and rental values.

There are two main reasons why the rotten record of offices is taking so long to be recognised - large lot sizes (which institutions understand) and depreciation (which most do not). UK institutions have swung from inertia to hyperactivity over the past decade in their allocation of assets between property and other areas of investment.

In the early 1980s, most self-managed funds gave no sign of having any policy on what the property proportion of total assets should be. Now institutions have moved to the other extreme. Many seem to look no more than a year ahead; there is thus pressure to pour large sums into property in a hurry when it "looks right", as has happened over the past year. Fund managers under pressure chase luxury investments, usually big office blocks.

Once the bloom comes off the property rose (a process which started recently in the UK when the cold winds blew from the bond markets) and the asset managers want to cut back on property, the selling pressure then becomes greatest on the same big office blocks which have been used to force money into the market on the way up.

Offices have a worse long-term record than the market as a whole, and are more volatile than the other sectors. They provide spectacular profits for the few developers and dealers who get their timing right. Meanwhile the institutions predictably get their timing wrong in the last upturn, with their two heaviest years' spending on office development occurring just as the bubble burst in 1988 and 1990.

Investors always underestimate the costs of office depreciation and changing occupational requirements. These are much higher than for shops, and slightly higher than for industrial/warehouse property.

will have suffered slowing income growth, and possible extra capital expenditure and a capital loss on the final valuation as well, since the yield on which the 25-year-old property is valued will have moved up sharply - say, to 9-10 per cent if prime yields on new offices are still 6.7 per cent.

Offices are overpriced, and institutions are over-invested in them on any assessment of their long-term record. Though institutions have been net sellers of office investments according to Investment Property Databank, a research group, over the past nine years, and the office proportion has fallen from two-thirds in the early 1970s to two-fifths today, offices are still the largest sector in most portfolios.

This weighting reflects a triumph of hope over experience. In the early 1970s, yields on office and shop investments were similar. Industrial yields were 2-3 per cent higher to allow for depreciation and obsolescence. In the past few years, office yields have moved above shop yields, with the gap about 1% per cent at present.

As the evidence of poor office rental growth and ever-increasing depreciation costs piles up, office yields should move above industrial/warehouse yields and stay there for the foreseeable future. In any other market, an investment sector with as poor a record as offices would stand on the lowest rating and highest yield. In property, tradition and inertia can spread fundamental changes like this out over many years. But investors' downgrading of offices is under way and may accelerate, as their approach to property investment grows more like their techniques in equity and bonds.

Today, institutions can collectively reduce their office weightings very fast so long as overseas buyers, with their fixation on large London offices, don't wake up in time. You may even find a bigger fool to buy your office in a few years if you buy or develop it today - but all the evidence of the past 25 years points clearly to retail and industrial property consistently performing better than offices. Offices are for gamblers, developers and middlemen, not serious long-term investors.

The author is a director of OLIM, an investment management firm

All change in game of musical chairs

Antony Thornecroft says London's orchestras are having trouble finding new musical directors

The Philharmonia confirmed this week that the contract of its music director Giuseppe Sinopoli has been terminated, making official what had been known informally for months.

Although Sinopoli was a great showman, and brought the orchestra a valuable recording contract with DGG, his idiosyncratic interpretations of the great romantic symphonies had not always charmed the critics.

This means that two of London's four main orchestras are seeking music directors. Last month the LPO parted com-

pany with the equally controversial Franz Welser-Möst, a Young Turk who also failed to win round the critics. What is going wrong and where are the orchestras to find successors?

If you have any bright ideas they would be delighted to hear. There is a scarcity of top-flight conductors at the moment, and those with sufficient musical and commercial weight are reluctant to come to London. It is becoming apparent that the Art Council's ill-fated attempt last year to kill off one or two London orchestras in the quest for a super-orchestra has cast a pall over the city's musical scene.

To outsiders the long-term future of all the orchestras seems uncertain. Who wants to take on bands of financially stressed and worried musicians in a city where competition is intense, audiences world-weary and fickle, and where there is a chance that the orchestra could go belly-up within a year or two. Best to stay put in a North American or European city where you are cock of the walk.

Both orchestras, which share residency at London's South Bank Centre (although the LPO has pole position), urgently need a good music director to give a shape and

authority to their work.

All the great orchestras of recent years - Berlin, Chicago, Cleveland - have been associated with great conductors such as Karajan, Solti, Dohnányi. Who will rescue the LPO and the Philharmonia?

Unfortunately the men they both wanted, the brilliant young Mariss Jansons, has turned them down: perhaps he has his eyes fixed on St Petersburg. The alternatives seem lacklustre in comparison.

The Philharmonia has close links with Christoph von Dohnányi and John Eliot Gardiner, but the former is too firmly entrenched at Cleveland

to want the hassle of London and Gardiner is best suited for occasional visits than as a permanent force. The Philharmonia might consider Nikolaus Harnoncourt, but no quick or obvious answer is on the horizon.

The LPO could well be seeking its future in its past and might get together again with Bernard Haitink, its former music director who is now styled president.

His years at Covent Garden are drawing to an end and Haitink would be a safe pair of hands: but is he the man to excite a new, younger, audience? The LPO would probably

love someone who has demonstrated the reputation of an orchestra, such as Charles Dutoit at Montreal, but can it afford him, and would he want to come?

Ironically, while the two London orchestras agonise, a leading regional orchestra, the Bournemouth Symphony, this week nipped in quickly and secured one of the brighter young talents, Yakov Kreizberg, as its principal conductor.

Kreizberg, a 34-year-old Russian, might well have been the man to live on London if the orchestras had been faster on their feet.

Music/David Murray

Kronos goes against grain

Hugely hyped as usual, the Kronos Quartet are playing the Barbican this week. They are the string quartet who sprang to fame in the early 1970s, by performing in extravagant designer gear, cultivating "cross-over" music (sometimes between classical and pop, more often between classical and ethnic) and playing rather well.

Or rather, they are almost not that group - their leader David Harrington is the sole remaining member of the original team. Presumably the Kronos "idea" survives transient personnel.

The *Zeitgeist* blows unpredictably, and super-sharp costumes now look naff. These days, Kronos dresses down while trading as always upon theatrical lighting - blue for sincere ruminations, red for excitement, perpetual darkness in the auditorium. Most of Tuesday's programme was on that level of sophistication, and any four competent sidemen could have delivered most of it with minimal rehearsal.

The jazz clarinetist Don Byron's *There Goes the Neighbourhood*, for example, sat solos over mildly dissonant, rocking accompaniments, laboriously written out for quartet. Jon Hassell did much the same in *Pano da Costa* (African-based, but with Brazilian percussion for the players to manage), another commission, and Shostakovich's too in *Priglasenie*. His fine, taut line was too light and unauthoritative for Schmitt's purposes; it never grabbed us.

Though electronic enhancement is second nature to the Kronos, one should not count upon it to do the job. Schmitt's still writes for a "classical" quartet, and for all their virtues the Kronos Quartet is still something less than that.

Musical

Patsy's star shines brightly

This is becoming very predictable. You enter a theatre auditorium to see the cast already humming it up on stage. Their eyes light up at the sight of an audience and they jump down into the stalls to greet it with many a "howdydo!" and "glad to see ya". Eventually they reassemble and yet another biographical begins.

In fact, Patsy Cline, A Musical Tribute is better than most, mainly because it has an impressive star, Sandy Kelly, playing Patsy, and partly because it concentrates on the music - there are more than 40 songs - and sketches in the short life of this country icon with as much detail as a leader in *The Sun*.

It is hard to deny that getting herself killed in a plane crash at the age of 31 was a shrewd career move for the singer: it ensures an untarnished reputation and that her records sell well - although, as in her lifetime when she was signed to a typically Machiavellian producer, Patsy fails to enjoy the royalties.

Surprisingly Marvin Conn's production makes little of the drama of her death. It excels, however, in projecting the other great characteristic of Cline, a stunningly resonant voice, so different from the



Impressive star turn: Sandy Kelly catches the heartbreak of the country singer's voice in 'Patsy Cline, A Musical Tribute'

usual country whine. It makes a Cline recording instantly recognisable to this day and enabled her to become the first female singer to move from the country charts to the pop.

Cline spent most of her life on stage so it is acceptable that the set is a rough-up of the Grand Ole Opry in Nashville and most of the large cast of musicians who periodically - with hit and miss success - lapse into acting, mainly portraying the men who Cline climbed over to reach the top.

The show has toured the country for months which provides a good ensemble feel but the performances are work-

manlike when set against Sandy Kelly. She catches the heartbreak in Cline's voice with emotional perfection and the tortured ballads - "Crazy", "I Fall to Pieces", "Sweet Dreams" - come out newly minted.

George Hamilton IV (the "IV" embroidered on his

waistcoat is the giveaway) gives her a generous self-effacing support as a narrator who actually knew Patsy Cline. Go see the musical for the salty Kelly and for the music, the short, scapital, tuneful, country songs which seem so refreshingly innocent compared with modern grunge.

Do not expect much in the way of character development or in-depth examination of the Nashville music scene of the 1950s.

Antony Thornecroft

The Whitehall Theatre.

Clash of the piano greats

Frank Lipsius sees the start of a concert tour that brings together two of rock's giants, Elton John and Billy Joel

Billed as the battle of the great piano rockers, the 24-date Billy Joel-Elton John US stadium tour brings together two confident superstars ambulating through 20 years of their repertoire.

The four-storey high set depicting the American War of Independence with Redcoats and tricorn hats conveys less of the regal atmosphere than the shield atop the proscenium with the legend "Heart and Soul" flanked by the British lion and American eagle.

The paired grand pianos on-stage at Philadelphia's Veterans Stadium, where the tour started with three shows, were closer together than the two performers, despite a warm embrace at the start.

Elton John acted the shy guest, putting fussy hands behind the songs with little audience eye contact. He had been invited to join the show by Joel, ostensibly after a decade-long

courtship, but the dual billing was timed to coincide with a crowded summer of superstar stadium tours by Pink Floyd, Barbra Streisand and the Eagles, as well as the packaged events Woodstock '94 and Lollapalooza (in its fourth year as a Woodstock for alternative rock acts).

John started with his first hit, "Your Song", followed by Joel singing "Honkey-Tonk" and Joel's "New York State of Mind" saying that they had agreed to sing one of each other's songs. This made Joel sound insecure in his effusive intro to John's "Goodbye Yellow Brick Road".

When they took their turns separately, they sang truncated but generous sets of their greatest hits. Returning together for the finale, they moved beyond the predictable with an oldies medley and a duet of the Beatles' "Hard Day's Night".

John used to make his body reverberate with the intensity of his fingers pounding the keyboard. In this concert the piano still pounded out jangling harmonies, but his expression was placid. His range of emotion was embodied in a modest costume change from a loose grey suit to a white linen jacket and finally a blue

sat in jacket. Even his spectacles were modest yellow-tinted half-frames. It was positively demure by Elton's standards.

John got the audience to their feet with "Philadelphia Freedom", but the 20-to-30-year-old crowd sat for the rest of the hour-long set, which included his current number-one hit from *The Lion King*, "Can You Feel the Love Tonight", performed like a music video to the film's animated sequence. The camera caught him at his most animated during "Baby, You're the One" gesticulating to his crew to turn his monitor down.

His good spirits seemed only spurred on by a sudden crisis when his drummer, who had been food poisoned, left the stage. Joel quickly filled in with John's drummer, whom he instructed before each song - back to the audience, arms flailing.

Joel reached deep into his repertoire for songs such as "Billy the Kid", but he kept the audience on their feet singing the words.

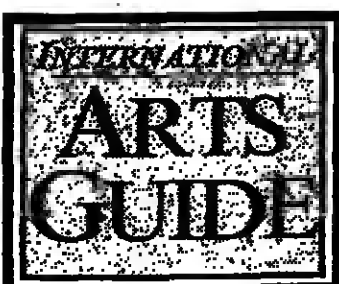
These were obviously Billy Joel fans, happy to get a look at Elton John and have a 3½-hour performance from the two piano rocking greats, but they were there for the one whose finale "Piano Man" sent them out singing into the sweltering summer night.

Joel was far more the showman. He soon removed his loose-fitting grey suit jacket and rolled up the sleeves of his black T-shirt, swinging the microphone stand as he strutted across the stage.

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Exhibitions Guide

AMSTERDAM
Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1889-7. Ends Oct 9. Daily.
Rijksmuseum Flowers and Plants: form and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon.
Royal Palace The Fountain of Pallas: this impressive marble statue, made in 1680 by the Amsterdam sculptor Artus Quellén, is on show together with related paintings, drawings and terracotta models. Ends Aug 28. Daily.
BERLIN
Alte Museum The Last Days of Humanity: 600 photos, posters, paintings and drawings illustrating artists' responses to the First World War, and including work by Beckmann, Kocoshka, Dix, Picasso, Chagall and Wyndham Lewis. Ends Aug 28. Closed Mon.
Kunstmuseum The Ideal and Nature: watercolours and drawings from the Munich Lenbachhaus 1780-1850. Ends Sep 4. Daily.

Ephraim-Palestine Berlin Painting from Bleichen to Hoyer: a selection of the most important 19th and early 20th century paintings from Berlin galleries, starting with the German Romantic artist Karl Bleichen and continuing through the Biedermeier period, German Impressionism, Beckmann and other expressionists, and on to the Neue Sachlichkeit. Closed Mon (tel 238 0900).
Haus der Kulturen der Welt Tanzania - masterworks of African sculpture: 400 works from the 19th and 20th centuries. Ends Aug 7. Closed Mon.
BONN
Kunst- und Ausstellungshalle The Century of the Avant-Garde in Central and Eastern Europe: 700 works by 200 painters and sculptors, offering a thematic guide to the main artistic developments of the past century. Ends Oct 18. Closed Mon.
BRUSSELS
Palais des Beaux-Arts Robert Smithson: retrospective of the American artist, one of the founders of Land Art. Ends Aug 28. Closed Mon.
COLOGNE
Wallraf-Richartz-Museum Impressionist Masterworks from Geneva: 40 paintings from the period 1880-1900. Ends Sep 4. Closed Mon.
Josef-Haubrich-Kunsthalle Heaven and Hell in the Middle Ages: 200 paintings, documents and artefacts illustrating the medieval view of death and the afterlife. Ends Aug 28. Daily.
DAJON
Musée Magnin Sculptors' Designs 1850-1950: a survey of

developments in sculptural art from Daumier, Degas and Rodin to Giacometti and Picasso. Ends Sep 11. Closed Mon.
ESSEN
Villa Hügel Paris - Belle Époque: an evocation of the period from 1880 to 1910 with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily.
FRANKFURT
Schirn Kunsthalle Goethe and Art: 300 paintings, drawings and sculptures ranging from antiquity till Goethe's death in 1832, and including work by David, Schinkel, Caspar David Friedrich, Claude Lorrain, Constable and Turner. Ends Aug 7. Daily.
Deutsches Architekturmuseum European Architecture of the Present Day: an exhibition mounted in cooperation with the Fundació Mies van der Rohe in Barcelona. Ends Oct 10. Closed Mon.
HAMBURG
Kunsthalle Masterworks from the Guggenheim Collection: 60 paintings by Picasso, Braque, Dubuffet, Bacon, Chagall, Kandinsky and Miró. Ends Sep 25. Closed Mon.
LAUSANNE
Musée d'Art Contemporain Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep 25. Daily.
Musée Olympique Miró: 41 sculptures covering his entire career, plus 13 prints from the 1960s and 70s. Ends Sep 4. Daily.
Fondation de l'Hermitage Zborovsk's Painters - Modigliani, Utrillo and Soutine: 100 works conjuring the aesthetic favoured by

the early 20th century Parisian art dealer. Ends Oct 23. Closed Mon.
Musée des Arts Décoratifs Contemporary Studio Glass from Japan: 100 works created in the past two years by 23 artists. Ends Sep 14. Closed Mon.
LONDON
Hayward Gallery Bonnard at Le Bosquet. Ends Aug 29. Daily (advance booking 071-928 8800).
Tate Gallery R.B. Kitaj: retrospective. Ends Sep 4. Daily.
Metropolitan Museum of Art R.B. Kitaj: recent pictures and graphics. Ends Aug 20. Closed Sun.
Victoria and Albert Museum Pugin - A Gothic Passion: retrospective of the 19th century British designer. Ends Sep 11. Daily.
National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition - Paintings and Drawings from the Oskar Reinhart Foundation. Ends Sep 4. Daily.
Royal Academy of Arts Impressionism to Symbolism - The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200).
British Museum German Printmaking in the Age of Goethe. Ends Sep 11. Indian Paintings and Drawings from the Collection of Howard Hodgkin. Ends Aug 21.
Greek Gold: Jewellery of the Classical World. Ends Oct 23. Daily.
MADRID
Centro de Arte Reina Sofía Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues.
MUNICH
Haus der Kunst Egon Vitale: 400 works exploring the links between

Kandinsky, Klee, Arp, Miró and Calder. Ends Aug 14. Closed Mon.
Kunsthalle der Hypo-Kulturstiftung El Dorado: 300 gold and ceramic treasures from pre-colonial Columbia. Ends Sep 4. Daily.
Stadtmuseum Paul Strand: the first major European exhibition devoted to the celebrated American photographer, who died in 1976. Ends Aug 7. Closed Mon.
Villa Stuck Dream Time - Tjuikurp: Art of the Aborigines of the Australian Desert. Ends Oct 16. Closed next Mon.
NEW YORK
Metropolitan Museum of Art Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Picasso and the Weeping Women. Ends Sep 4. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Daily - The Early Years. Ends Sep 18. Closed Mon.
Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. British Drawings 1690-1930. Ends Sep 13. Closed Wed.
PARIS
Grand Palais The Origins of Impressionism 1859-69. Ends Aug 8. Closed Tues.
Centre Georges Pompidou Joseph Beuys retrospective. Ends Oct 3. Closed Tues.
Musée d'Orsay Nadar, Photographs 1854-65: Nadar was a friend of writers and painters, whose portraits raised photography to the category of creative art. Ends

Sep 11. Closed Mon.
● Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles.
SPYER
Historisches Museum der Pfalz Romanov Tsarist Treasures: 200 pieces from the St Petersburg Hermitage, including jewellery, objets d'art, paintings, furniture and costumes, collected during three centuries of Romanov rule in Russia. Ends Aug 14. Daily.
STOCKHOLM
Nationalmuseum Swedish Glass pre-1900 and Today: an exhibition focusing on glass for the table, including a Kungsholm goblet from the late 17th century. Ends Sep 4. Closed Mon.
VENICE
Antichi granati della repubblica China in 220 BC - The Warriors of Xian: ten of the 7,000 life-size terracotta soldiers who guarded the tomb of Emperor Qin Shihuangdi in central China, along with copies of war chariots and weapons discovered in one of this century's most dramatic digs. Ends Sep 11. Daily (the old granary on the tip of the Giudecca).
Palazzo Grassi Renaissance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily.
VIENNA
Jüdisches Museum Max Oppenheimer (1885-1954): retrospective of one of the most neglected figures in early 20th century Austrian art. Ends Sep 18. Closed Sat.
Kunsthistorisches Museum

Albrecht Dürer: a selection from the museum's collection of work by the early 16th century German master. Ends Oct 30. Closed Mon.
Kunsthistorisches Art and Dictatorship: an exhibition comparing Hitler's, Stalin's and Mussolini's ideas of degenerate art in paintings and sculpture. Ends Aug 15. Daily.
WASHINGTON
National Gallery of Art Willem de Kooning's Paintings: 75 works by America's influential abstract expressionist. Ends Sep 5. From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists, including LeWitt, Christo, Rymen, Beuys and Flavin. Ends Nov 27. Recent Prints and Sculpture from Gerni G.E.L.: a selection of work from the acclaimed contemporary art workshop in Los Angeles. Ends Oct 2. Ornament in European Graphic Art 1300-1800: more than 90 prints, drawings, illustrated books and decorative objects. Ends Aug 21. One of the jewels of the permanent collection, Jan van Eyck's Annunciation, has returned to public view after a two-year restoration. Daily.
National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Mary Vaux Walcott: 50 watercolours by the early 20th century naturalist, explorer and artist. Ends Aug 28. Daily.

Something unusual is going on in the rarefied world inhabited by the UK's most senior generals, admirals and air marshals. They are not complaining as loudly as might have been expected about the government's latest economy drive, which will cost the defence establishment more than 18,000 jobs and leave the forces even smaller than predicted by the end of the decade.

But this does not mean that the atmosphere at the top of Britain's armed forces is free from anxiety. While generally accepting the cuts announced last week, the top brass is concerned about the next round of reductions which - despite official protestations to the contrary - is widely expected within three years.

They take some comfort from the fact that the measures announced by Mr Malcolm Rifkind, defence secretary, fell hardest on civilian employees of the defence ministry, who lost 7,100 jobs. Service chiefs will shed few tears about the trimming of a civilian bureaucracy to which they lost power in the 1980s under Mrs Thatcher.

Mr Rifkind even won some friends in the forces by planning the MoD cuts after wide consultation across the services, and restoring to the service chiefs some of the responsibilities they lost under his predecessors.

As one distinguished general privately commented: "There is real hope now that the principle of delegation to the service chiefs will now be applied - and there is quiet rejoicing about the reduced size of the Ministry of Defence."

The other main victim of the cuts is the Royal Air Force, which will shed 7,500 jobs, as activities such as maintenance and training, previously undertaken by airmen, are taken over by civilians. But even air force chiefs - who claimed to have warded off much deeper cuts than were finally decreed - have acknowledged the RAF was overmanned, compared with such formidable air powers as Israel and Sweden.

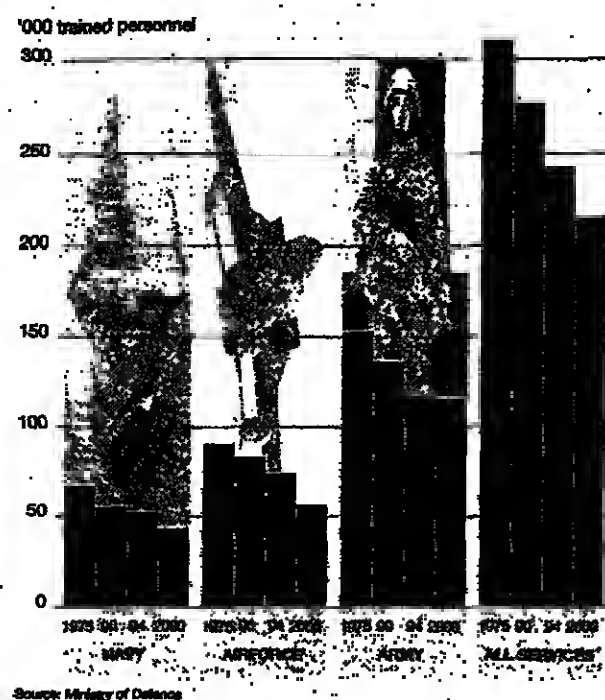
So the job losses decreed by Mr Rifkind have been accepted with relatively little complaint. Yet oddly enough, the minister's accompanying "sweetener" of a £5bn weapons procurement package has not laid to rest the forces' fears about Britain's fighting strength in the medium term.

Virtually all the decisions announced by Mr Rifkind - some £2.4bn worth of firm orders (for tanks, minehunters

Some fight left in them

Bruce Clark on reaction to the latest round of UK defence cuts

UK armed forces: cutting the fat



Source: Ministry of Defence

and ammunition) and £2.5bn in potential orders (for frigates, submarines and cruise missiles) - were confirmations of purchases already announced in principle.

The MoD now admits that it could not have afforded the items on its shopping list unless its newly announced drive to cut unnecessary costs and staff jobs had been so wide-ranging.

This principle of trading weapons purchases for job losses has worrying implications for the other procurement decisions to which the government is committed in principle but for which it has not earmarked precise sums.

These "decisions in principle" include the commitment to buy 250 Eurofighter aircraft for at least £9bn from the year 2000; 12 new-generation frigates for a total of about £3bn; and in the immediate future, new attack helicopters.

In practice, the government may not be able to afford these systems unless it is prepared to

make further economies in personnel and other military overheads.

Mr David Clark, Labour defence spokesman, reckons that by 1998-99, there will be a £3.5bn shortfall between available revenues and total defence spending commitments. "The defence ministry knows this to be true, but is keeping it quiet," he maintains.

Fears over the looming shortfall are shared by many senior officers.

Mr Rifkind dismisses these concerns. He claims that even after last week's cuts, Britain's fighting capacity remains unimpaired or even enhanced. This view is supported by the reputation enjoyed by the UK's forces at home and abroad. The army's stock has surged as a result of its performance in Bosnia, where a tiny UK force of 3,000 men has played a crucial role in bringing relative normality to the lives of hundreds of thousands of people.

This has been achieved by the army's employment of the

old-fashioned - not to say imperialist - skills of bluff and brinkmanship in the handling of conflict; and it has won the army some new friends in unfamiliar quarters, beginning with the Labour party.

The army's influence in Nato is also at a high point. UK officers run the showpiece of the alliance: the Allied Rapid Reaction Corps, which brings together the forces of up to 12 nations for any purpose from humanitarian aid to high-intensity tank warfare.

But as service chiefs are aware, the UK's prowess in military affairs rests on thin ice. The latest round of cuts will leave the top a little thinner, and the next round could bring the forces to breaking point.

Prestigious as it is, engagement in Bosnia is stretching the forces to the limits of their capacity. For example, the deployment of ships in the Adriatic is close to exhausting available navy resources.

Only by the skin of their teeth were the UK forces able to transport one extra battalion to Bosnia earlier this year. The operation involved 36 flights by the RAF's ageing fleet of Hercules transporters, and the use of three of the navy's five landing ships, one of which was sent for overhaul this week.

An acutely embarrassing situation could arise if the next Bosnia-type crisis breaks out in the next two years when the forces are in the middle of a painful transfer from military to civilian logistics. Mr Michael Clark, of London University's Centre for Defence Studies, says the government is taking a "calculated risk" that it will not be wrong-footed by an unexpected crisis.

The UK's last two wars - in the Falklands and the Gulf - were unpleasant surprises and left in smithereens the conventional wisdom of the moment about defence needs.

In both conflicts, the government benefited from good luck. In the Gulf, the forces had just enough time to prepare their weapons for battle, and the war was short enough to avoid difficult questions about ammunition supplies.

Politicians may have forgotten the role of luck and the dangers of assuming it will hold; but generals and admirals have not. While they have adopted a relatively low-key response to the current round of cuts, they warn that further sacrifices in manpower and weaponry would incur risks for which they will not be held responsible.

Joe Rogaly Starter guns 'n' roses



When Mr John Smith died, it seemed plain that if the Labour party elected Mr Tony Blair as his successor we would have to consider voting centre-left. It has, and we are. Considering, that is. The electorate will do a great deal of considering over the coming two to three years. It is likely to be presented with an agonising choice, between a reformed Labour party that it can probably trust, and a stabilised Conservative government that may be stale and untrustworthy, but is at least a known quantity. The Liberal Democrats will be the squealer.

If the election was held next Thursday many of us would take a chance on Mr Blair. The temptation would be overwhelming. Turling the present government out would be like removing tight shoes. As to 1996-97, who knows? The campaign, which we shall have to endure for 24 or maybe 30 months, starts now. It is going to be one hell of a game of poker. In one of the key pots the hole card will be covered by the flat paw of Mr Eddie George, governor of the Bank of England.

The quasi-independence of the Bank is something new in post-1945 politics. Management of the economy is no longer solely a matter between the prime minister and/or the chancellor, as it was in the Thatcher-Lawson years. The publication of the minutes of discussions on monetary policy between Mr Kenneth Clarke and Mr George gives the latter huge influence. This is not a consequence of Mr Clarke's far-sighted statesmanship. It happened because, when the elected politicians ran affairs the policy crumbled in their hands, as in 1988 and again on

Black Wednesday. If, as he surely will, Mr George argues strongly for an increase in interest rates during the next few months he will be almost impossible to resist, particularly if he carries Mr Clarke with him. Mr John Major may protest that raising the cost of mortgages could damage his government's health. Tough.

The prime minister does show some strong-armed cards. On Wednesday he tidied his cabinet, and made extensive changes lower down. Let us just say, "fine". We do not need to spend time on the merits of one set of nonentities as against another. Nonentities? I exclude Mrs Gillian Shephard, the new education secretary. She is sensible, a real person. I have great expectations there. The rest of the list is too dull to rehearse at the beginning of the political holidays. There will be plenty of time to

debate the merits of shooting this or that grey squirrel when the season resumes in the autumn. Here is the executive summary: the purpose of the reshuffle was to win the favour of the Tory party, and keep order among backbenchers by feeding their dreams of preferment. It has apparently achieved that.

Partly for this reason, Mr Major seems likely to stay in office. His party is still divided, but he has constructed a European policy that minimises those divisions. It may not last. The European sticking-plaster, like his premiership, is a product of the continued support of the foreign secretary and the chancellor. The former will probably retire next year; the latter is a recognised rival for

the top job. For the moment, however, both are in place. The run of political misfortune has not quite come to an end, but in spite of the apparent willingness of a couple of Tory backbenchers to sell parliamentary questions at a grand time, it seems to be dribbling out.

There are other not-so-bad cards in Mr Major's hand. The recession is over, although the voters stubbornly refuse to recognise this. Perhaps too many personal bank balances are still receding. The Treasury is aware that it will be called upon to forecast a sufficient recovery in the public finances to allow for tax cuts in the Budgets of 1995 or 1996.

Against that the Conservative party has copiously about its instincts on taxation in 1992. Some voters may remember this next time. Mr Blair is ostensibly better placed. He shows acres of

and presumably has more in the hole. His victory yesterday demonstrated that the Labour party is now the property of the modernisers, and his master. He won the votes of 80 per cent of the members of the Westminster and European parliaments, almost as high a share of constituency party members' support, and more than half the trade union ballot. We can, however, discard the latter. It is history. With less than a fifth of those eligible bothering to take part, the vote of union members was an anachronistic appendage to what was otherwise a remarkable democratic primary.

The new leader's acceptance speech was suitably inspiring. It could have been drafted in Little Rock. Mr Blair's cam-

paign is reminiscent of President Clinton's. The new, telegenic, young leaders offer hope and renewal after the blunting years of Bush/Major and the earlier, fearsome, reigns of Thatcher/Rangan. Mr Clinton as president is not an encouraging role model, but the way he ran for office has one overwhelming advantage. He won.

It is customary to demand of Mr Blair that he produce some specific, costed policies. It may be that just as it is the job of commentators and his political opponents to ask this of him, so it is to his and Labour's interests to resist, to withhold hostages to fortune. His speech yesterday was his, not ours. It was addressed to his party, reasonably enough, and to the wider anxieties of middle England. "The task of national renewal is to provide opportunity and security to this world of change," he said. "There were crumpled nuggets: 'we do not want people living in dependency on state handouts' and 'we will not run the quango state of the Tories with different managers, we will get rid of it and return power to local people'."

This first big set-piece speech pleased his audience of Labour and union dignitaries. Their applause expressed a degree of unity of purpose traditionally reserved for Tory leader-worship gatherings. There was no old-style, horse-and-buggy, nationalising, taxing, high-spending socialist blather in it. Mr Blair talked, as the best Conservatives do, of "one nation". He referred, as business leaders do, to Labour's "mission". He rejected "the student gospel of Marxism". It was an impressive start. In due course, someone must call, so that we can see the rest of his cards, face up.

Joe Rogaly will resume his column in September

If the election was held next Thursday many of us would take a chance on Blair. The temptation would be overwhelming

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Overlooked Aid to Air France will hit emergence of low-cost airlines

From Professor Geoffrey Maynard

Sir, Professor Wynne Godley and Mr William Milberg (Letters, July 18) appear to overlook the simple fact that the US's foreign indebtedness will continue to rise as long as its domestic saving is insufficient to match its domestic investment. The US's trade problem (if there is one) lies in the country's low propensity to save, not in an overvalued exchange rate. Geoffrey Maynard, Investment House, 55 Brook Street, London W1T 1YE

TV lead

From Mr David Docherty

Sir, ITV's claim of a 50 per cent increase in its lead over BBC1 misrepresents the facts ("ITV claims advance over Sky channels", July 20). The reverse is true. The gap so far this year has narrowed. BBC1 has held its ground against the ever-widening choices offered by satellite and cable and ITV has lost some share. Moreover, BBC1 has achieved this stability with a much more diverse schedule than ITV - in which religion, current affairs, challenging documentaries, and music programmes retain a secure place in peak-time. As a footnote, your story also ignores the fact that the terrestrial channels take a 65-70 per cent share in cable and satellite homes. David Docherty, head of planning and strategy, BBC Television, Television Centre, Wood Lane, London W13 7RJ

Aid to Air France will hit emergence of low-cost airlines

From Mr John Parr

Sir, We here disturbed to read the report by Emma Tucker and John Ridding on Air France's bid for further state aid ("Brussels set to back state aid for ailing Air France", July 21). The further propping up of this carrier will do as much harm to air transport users as it will to competitor airlines. Under pressure from the French government, Air France is lying routes that are not economically viable given its cost structure. This not only undermines the profitability of current competitors but also deters the emergence of new low-cost airlines. It is vital that the Commission requires Air France to

make big cuts in capacity. In markets which are not overshadowed by a state-supported carrier we are now witnessing a significant number of new services, often provided by new regional airlines.

These carriers must be able to establish themselves now, as air travel growth resumes, if they are to stand any chance of longer-term survival. The provision of more state aid can only hinder them and will for the foreseeable future deny users the full benefits of liberalisation.

John Parr, director general, Air Transport Users' Council, 5th floor, Kingsway House, 103 Kingsway, London WC2B 6QX

Mail idea misses point

From Mr Frank Knowles

Sir, David Parker's argument ("Personal View, July 14) that higher postal delivery costs in rural areas should lead to higher charges for people living in the country seems to miss an essential element in the postal service - it is the sender of the letter, not the recipient who pays the postage. Are the increased delivery costs to be borne purely by people sending letters to the country, or is he suggesting that a rural dweller sending mail from the country to a city should pay more based on increased collection costs? There are good economic reasons for keeping a uniform let-

ter rate, not least the significant costs saved by the simplicity of the system, which Mr Parker seems to ignore. Mr Parker also suggests that "those who would prefer a better service are given no opportunity to pay for it unless they resort to expensive premium services such as Datapost." Surely Datapost is a shining example of applying the cost-based charging system. If the Post Office can offer a "better" service without charging premium prices or cross subsidising other operations I for one will be a satisfied customer. Frank Knowles, Druce Croft, Clavering, Essex CB11 4QP

Subsidised elegance - but can you bank on it?

From Mr David Savers

Sir, It is obvious that Clement Crisp considers that one purpose of government subsidies to the arts is to foster gracious living ("The decline and fall of elegance", July 18). But if the objective is to ensure that the audience at the Royal Opera House is dressed in a style that is appropriate to the faded elegance of that Victorian building, surely it would be inefficient to give the management of the opera house a larger subsidy: experience suggests that it would spend the extra money on more lavish productions rather than on cheaper seats, or fewer sales of drink and food. Subsidies to the audience are more efficient than subsidies to the managers, and in this case they should be related to the audience's dress. The Royal Opera House, and other the-

atres, should be awarded additional subsidies so that they can offer discounts on ticket prices to those who guarantee to attend in appropriate clothes.

Such discounts could be graded to the standard of dress worn - say 25 per cent off for evening dress and 15 per cent for suit and tie, with special discounts for those who wear clothes from a list of designated tailors and designers.

The National Lottery would be the obvious source of funds for such additional subsidies. What would be more appropriate than to take money from the proletarians who are likely to be the biggest users of the lottery, because they are too thick to calculate the odds against winning, and give it to those people who appreciate the finer things in life. It is, after all, the principle behind

the government's existing plans to use revenue from the lottery to increase its support for the arts.

David Savers, Crosby, 10 Seaview Avenue, Angmering-on-Sea, Littlehampton, West Sussex BN16 1PP

From Mr Malcolm London

Sir, Re discussion on "The decline and fall of elegance", the governor of the Bank of England, Eddie George, is photographed (July 18) emerging from a meeting on Monday with the chancellor of the exchequer at 11 Downing Street, wearing a blazer and flannels. Next week, shorts and an Hawaiian shirt? Malcolm London, St Andrew's House, 20 St Andrew Street, London EC4A 3AD

A better approach would be to introduce a clear division of powers between the people and the representatives, and let the decisions be made irreversibly by the people in those areas they are given the power to do so. Ideally, these powers would cover areas where representatives today have the power to prevent the transfer of, or even increase, their own powers. This would, for example, be relevant in a transfer of a national parliament's powers to a supranational body. The people should, furthermore, have a strict procedure under which they can transfer more powers to or from their own hands.

Paal Myhrvang, Postboks 163, Nedre Torke, 2801 Gjørvik, Norway

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Friday July 22 1994

Slender thread in Strasbourg

Mr Jacques Santer, narrowly confirmed yesterday as the next president of the Brussels Commission, has been trying to muster support from a wide variety of quarters. Last week he declared his attachment to decentralised decision-making and EU enlargement. This week, speaking to the European parliament before yesterday's vote, he emphasised his backing for economic and monetary union and EU social policy.

Since he was nobody's first choice, it is not surprising that Mr Santer's espousal of well-meaning Euro-orthodoxy failed to fire parliament's full-hearted enthusiasm. After the mismanagement of the succession to Mr Jacques Delors, governments should now be in no doubt of the flaws in the method of selecting the person who represents Europe within the continent and on a wider stage. When Mr Santer's successor is chosen, presumably in 1999, it must be through an open rather than a closed elective process.

By upholding Mr Santer's appointment, yesterday's vote has none the less rescued European leaders' credibility. This will have been a particular relief to Chancellor Helmut Kohl. The chief champion both of Mr Santer and of giving the parliament more influence, Mr Kohl could have been badly damaged had the cup used to anoint Strasbourg with power been flung back in his face.

Yet the narrow margin also emphasises the slender thread on which the EU's constitutional arrangements are hung. Having won "co-decision" rights with the

Council of Ministers, the parliament has much more say over European legislation. It is still only at the beginning of learning how to deploy this extra clout. In view of increased parliamentary fragmentation after last month's elections, its difficulties in acting predictably and cohesively should not be underestimated.

The assembly has still a long way to go in making itself less remote from and more accountable to European electorates. These aims will not be served if it gives further evidence of the sort of debatable judgment already displayed in its veto on Tuesday of telecommunications liberalisation. More clashes with governments may be in store, for instance in the budgetary field, where many MEPs' desire for more spending to combat unemployment may collide with finance ministries' attempts to cut fiscal deficits.

Unless MEPs reserve their displays of muscle for issues of genuine merit, parliament could become its own worst enemy. A test of Strasbourg's mettle comes on the preparations for the 1996 conference to review the Maastricht treaty. Since no government at present wants to take a high-profile role here, parliament has an ideal opportunity to map out an agenda that would take account of electorates' scepticism about some Maastricht aims, yet would also allow the EU to become both wider and more integrated. Taking the lead in the 1996 debate would be the best way for parliament to play a constructive part in shaping Europe's future.

Atlantic sinks

It is hard to believe that the financial collapse of Atlantic Computers - which also caused the demise of its parent, British & Commonwealth - was only four years ago. The story, so trenchantly retold yesterday in a DTI report, belongs to a distant age.

The chief protagonists in the Atlantic/B&C tale are the late John Foulston, the founder of the computer company who died in a motor-racing accident, and John Gunn, who for a while transformed B&C into a seemingly dynamic financial services group.

Mr Foulston and his successors constructed an elaborate house of cards out of Atlantic, which was founded in 1975, came to the stock market in 1983 with a value of £40m and was eventually sold to B&C in 1988 for £408m.

Throughout its history, questions had been raised about whether Atlantic's profits were being inflated by inappropriate accounting policies. Yet it was not until 1990 that the truth emerged, when it collapsed with a deficiency in excess of \$50m.

As the DTI inspectors say, if the group had used prudent accounting policies, it would probably never have been able to report a profit throughout its existence. Yet between 1983 and 1988, it reported aggregate pre-tax profits of £127.6m.

This deception was made possible in part because of the inadequacies of accounting rules, many of which have since been reformed. However the inspectors believe a more important factor

lay with the City firms, in particular Spicer & Pegg, Atlantic's auditor, which too readily placed confidence in half truths provided by Atlantic directors about potential leasing losses.

B&C's directors, notably Mr Gunn, the chairman, and Peter Goldie, the chief executive, are also blamed for acquiring Atlantic without having a sufficiently deep understanding of it. After the deal went through, Mr Gunn, Mr Goldie and the finance director, Mr Rusty Ashmann, quickly learned about Atlantic's appalling financial condition, but then prevaricated for months before disclosing the disaster to outside shareholders. Though the inspectors say that they did not act dishonestly or seek to defraud anyone, the DTI is probably right to seek their disqualification as directors.

Though the market conditions which allowed Atlantic to prosper are long passed, the report uncovers one area of City of London practice which needs urgent reform. BZW, which was B&C's merchant bank adviser, allowed its name to be used to endorse the wisdom of the Atlantic takeover in B&C's letter to shareholders about it. Shareholders take comfort when such assurances are given by a merchant bank, yet the level of investigation which a merchant bank carries out when giving such an endorsement is minimal. BZW did not even carry out the normal minimum - but the inspectors suggest that even if it had, it might not have uncovered the truth about Atlantic.

Serb conundrum

The fate of the latest peace plan for Bosnia is unfolding in a predictable way. Neither side likes it, but the Bosnian government accepted it in order to avoid being blamed for its failure. The Bosnian Serbs have not accepted it, but have played for time by demanding clarifications, in a manner reminiscent of the IRA.

The authors of the plan - Britain, France, Germany, Russia and the US - are agreed in finding the Serb response unsatisfactory, but not on how to react to it. The US, backed on this point by the EU mediator, Lord Owen, is urging the contact group to stand firm and penalise the Serbs as the recalcitrant party. The Russians, backed by the UN mediator Thorvald Stoltenberg, believe that peace depends on finding answers to at least some of the questions the Serbs have raised.

No doubt there will be talks on these issues, formally or informally, between now and July 30 when the contact group is due to meet at foreign minister level. But the US is surely right to warn against falling for the Serb tactic. Once again the "international community" has a credibility problem, which will only be made worse if, because of its internal divisions, it allows yet another deadline to be ignored with impunity.

Part of the trouble is that the Bosnian Serbs are shielded by two levels of intermediaries. First there is Serbia itself, in the person of President Milosevic. Although he carries a heavier weight of

responsibility than any other single person for the whole Yugoslav tragedy, many people involved in the diplomatic process, including notably Lord Owen, have convinced themselves that he is genuinely anxious for peace and able to bring the Bosnian Serbs to heel if only he is given time and treated with respect. This dubious proposition should not be taken on trust. If Serbia wants to escape feeling the world's displeasure itself, it must either deliver the Bosnian Serbs' assent to the proposed settlement or co-operate in visiting the world's displeasure on them.

The second level is the Russians, whom many western leaders are anxious to "keep on board" because of their supposed influence over the Serbs. Much the same reasoning applies to them: if they cannot demonstrate their influence by delivering Serb assent to the peace plan they have themselves helped draw up, their objections to measures aimed at coercing Serbia into a more co-operative attitude should be brushed aside.

Among those measures, lifting the arms embargo on Bosnia has become "a last resort" even for the US defence secretary. A more credible deterrent against Serbia must be the threat to confine it indefinitely to the fringe of the world community, so long as it supports the forcible exclusion of the Bosnian majority from their homes. Serbia may not be defeated militarily, but it can be quarantined.

Take a \$1,500bn financial market, a handful of ambitious investment banks, and a group of incautious investors willing to risk their (or someone else's) money. Add the latest high-tech wizardry Wall Street has to offer. Then sit back and wait for external events to take their course - an unexpected rise in interest rates, for instance. Suddenly, you have the ingredients for a market upheaval, 1990s style.

The US's market in mortgage-backed securities, by which many home loans are financed, has provided just such a spectacle in recent months. The latest victim, UK drugs company Glaxo, indicated last week that it had lost about £100m from investments in this and other risky markets. It joins a long list of others which have suffered significant losses on the market - from US investment fund Askin Capital (which has lost a large part of its \$60m capital and been forced to file for bankruptcy) to a US subsidiary of Bank of Montreal (whose losses reached \$51m), and Kidder Peabody, the investment bank owned by General Electric.

The debacle not only raises questions about risk assessment on Wall Street but threatens to spill over from the financial into the real world. The impact of the upheavals in the mortgage-backed securities market on other bond markets may have slowed US economic growth by forcing up long-term interest rates, though the precise effects are incalculable. As Wall Street's fingers have been burnt, families in the US have found it more expensive to buy their first homes. Some investors in US mutual funds (similar to UK unit trusts) - which have played the market well have lost a small amount of their capital.

The damage mortgage-backed securities has caused seems strange given their seemingly humble purpose of providing money for people to buy homes. Rather than the cash coming directly from a financial institution such as a bank, it is provided by investors who buy bonds. Mortgage payments by home owners cover the interest and principal payments on the bonds. By pooling thousands of such domestic mortgages, Wall Street has created a multi-billion-dollar market which is now reckoned to account for more than \$1,500bn, or about half of all home loans in the US.

Problems have arisen because the evolution of these products has not stopped there. Since the late 1980s the mortgage-backed bond market has been subjected to the sort of financial engineering which has made a new generation of Wall Street traders rich. The theory behind the re-engineering was simple: why not mould the bonds into instruments which would match the

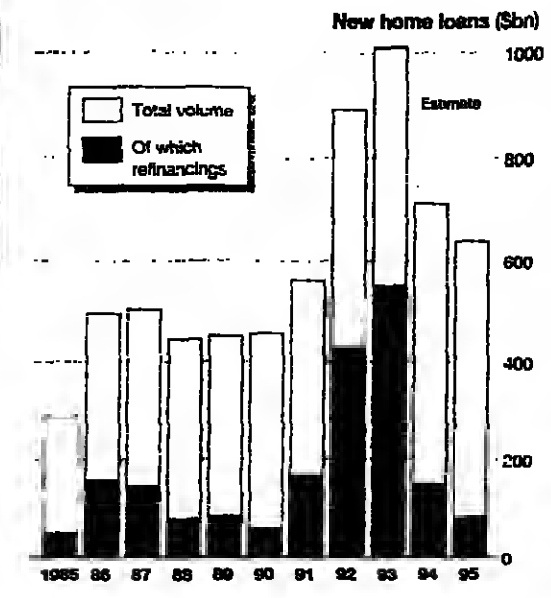
No longer as safe as houses

Richard Waters on the repercussions of losses made in the US market for securities based on home loans

Mortgage-backed securities: trouble in homes



Source: Mortgage Bankers Association of America, Inside Mortgage Securities



needs of particular groups of investors more closely?

This task was achieved with the help of technology developed in the market for derivatives - complex financial instruments whose value is based in part on that of an underlying market. Bonds were pooled and their interest and principal cashflows divided to create new, more exotic financial products.

After the most attractive parts of the bonds have been made into new instruments, the remainder - known as "toxic waste" - is sold cheaply to risk-hungry investors, retained by the investment bank, or perhaps thrown together with odds and ends left over from other pools of mortgages to create more new instruments (some known as "kitchen sink bonds", since a bit of everything has been thrown in).

All these engineered mortgage-backed bonds go under the name of collateralised mortgage obligations (CMOs). By some estimates, as much as a half of all mortgage-backed bonds have been converted into CMOs. Because they are sometimes heavily geared, their price can move sharply with changes in

interest rates, giving investors more bang for their bucks.

It was that the end of the story, there would be little to distinguish mortgage-backed securities from other fixed income instruments. But the market has a unique feature: when interest rates fall, home owners may pay off their loans and take out a new loan at a lower interest rate. When rates are high, they probably won't pay them off at all.

A failure, by those who design and invest in the products, to predict what homeowners would do in the unusual financial market conditions since last summer has wreaked havoc.

The problems began at the peak of last year's bond market rally. Against most expectations, long-term US bond yields fell to historic lows, as investors grew confident that inflation, the bond-buyer's worst enemy, was no longer a threat. Mortgage rates fell with them. That unleashed a wave of mortgage-refinancing by home owners on an unparalleled scale.

The complex computer programmes used to construct and value CMOs did not predict that

people would behave in this way. By paying off their old loans at such a rapid rate, homeowners played havoc with bond prices. CMOs took the brunt of the pain: "interest only", or IO, bonds (created out of the interest payments from mortgage-backed securities) fell furthest, as investors lost their expected future interest payments. The shock waves were felt from the bond trading floor at securities house Salomon Brothers all the way to a string of small municipal authorities in Ohio, which had bought IOs.

This spring, it was the opposite story in the mortgage-backed bond market. As US bond yields rose along with short-term interest rates (in turn pushing up mortgage rates) homeowners stopped paying off their old loans. The Mortgage Bankers Association estimates that the value of mortgages refinanced, which reached \$550bn in 1993, will fall to just \$150bn this year.

With the level of refinancing lower than expected, investors have suddenly found that bonds which had an expected life of, say, two years, are unlikely to be repaid

until much later. The average duration of bonds in Salomon's mortgage-backed bond index has jumped from 3.2 years at the beginning of February to more than 5 years.

One indirect result has been a barrage of selling in the US government bond markets. As the duration of mortgage-backed bonds rose, many investors sold long-dated government bonds to hold down the average duration of their portfolios.

The actions of regulators may have worsened the impact. US banks are under pressure to show their CMOs at market value in their accounts. That means that if prices are volatile, there is less incentive to hold such bonds.

Some regulatory pressure has been more direct. Worried about the losses that some supposedly safe mutual funds have taken on complex financial instruments, the Securities and Exchange Commission, which regulates US investment markets, wrote to mutual fund managers earlier this month to warn of the dangers. These funds should work out a way to "dispose of the securities in an orderly manner, consistent with the interests of the funds' shareholders," the SEC said.

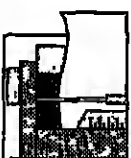
The CMO debacle has revealed some of the shortcomings in the way modern financial markets operate. Dealers and investors alike put much trust in the ability of computer-driven analyses to predict what would happen to prices in different market conditions. As things turned out, their assumptions were wrong.

Also, they failed to take account of the risk inherent in tailor-made financial instruments for which there is no ready market. The lack of a market accentuated the price falls. And the fact that many unsophisticated investors, such as local government treasurers, were sucked into the market, is testimony to the power controls in their organisations and the willingness of investment banks to sell complex securities to people who do not really understand them.

Nor are regulators and policy makers blameless. They failed to pay enough attention to innovations in the CMO market at an earlier stage, and when finally prodded by losses, may have over-reacted.

Like all market upsets, this one has created opportunities for contrarian investors. Other markets have seen turn-arounds: the US junk bond market, for example, crashed at the end of the 1980s, roared back to life with a record year in 1993. Investors who bought junk bonds at knock-down prices have made their fortunes. The same is true of some CMOs, for those brave enough to buy them. But in the current climate, there are few takers for toxic waste.

The great transition robbery



PERSONAL VIEW

Of more than 30 countries in the Soviet-socialist bloc, few have made a good start on stabilisation and transition to the market. Only eight - Poland, the Czech Republic, Hungary, Slovenia, Estonia, Latvia, Lithuania and the surprise-case, Albania - have controlled inflation, stabilised their currencies, liberalised prices and international trade, and privatised the bulk of small retail and service outlets. Most of them are also seeing a turnaround from negative to positive economic growth.

So why have the others not done the same? The simple answer is that powerful elites do not want reform. As central command disappeared, the old Soviet "patronage" - directors of enterprises and state farms, and local political bosses - gained autonomy. At first, the expected reform measures - privatisation, opening up of markets to foreign competition and diminution of subsidies - threatened their status. Where reform measures were

undertaken quickly, those members of the elite who survived were forced to behave roughly like competitive capitalists. Elsewhere, delays in proceeding with reforms gave them time to transform themselves into monopolist-capitalists.

Under the in-between economic arrangements, the state provides subsidies and cheap credits, allegedly to keep the economy going and people on the job. This not only causes inflation. It also provides the directorate with influence and with funds to engage in side operations, such as purchasing titanium, magnesium or petroleum cheaply, obtaining licences from their old colleagues, and then selling the commodities abroad at a tidy profit. This causes materials shortages, corruption, capital flight, an inflow of Mercedes-Benz cars and popular discontent.

The patriarchy partially assuages discontent by ensuring workers have jobs and receive enough to survive. Nevertheless, the discontent finds an outlet, with workers saying: "You pretend to be paying us less even than in Soviet times; and we pretend even less to be

working." The result is more absenteeism, less effort and even less production. More worrisome, investment in production capacity is not taking place, since commercial operations are far more profitable.

Having been given the time to recover from the shock of communism's overthrow, the old-new elites now find it in their interest to go neither back to state command, nor forward to competitive markets. From a socialist-patriarchal society, where the elite's promise was "you have entitlement, while we have privileges", the lagging countries have moved to a rentier-patriarchal society, where the elite says "you are still assured of minimal entitlements, while we profit maximally from the new opportunities".

The frequent characterisations of the result as a corrupt society, with a few wealthy robber-baron, express the moral indignation of the people. But beyond moral judgments, a far more important conclusion emerges: the new rentier-patriarchal elites are, in general, opposed to further reform. They are unlikely to look kindly upon measures to break up monopolies, raise

rates of interest, curtail easy credits, or liberalise prices and trade, all of which would undermine their privileged position.

Popular opposition to further reform is increased by two contradictory perceptions. Since the elites share a small part of their gains with workers, the latter support them in lobbying for preferential treatment. At the same time, the monopolistic capitalism people observe and labor is mistaken for the competitive capitalism advocated by reformers. Consequently, popular resentment is directed against market reforms.

Economies do not disintegrate overnight, so this limbo can continue for a long time. Might the elites realise they are killing the goose that lays golden eggs and so support reform? There is a chance, but only for partial reform.

At some point, they will recognise that excessive cheap credit and subsidies cause inflation, which hurts even the new capitalists in the long run, since it eats away at the production potential of the economy. Soon - in some cases already - privatisation, even of large-scale

enterprises, will also be in the interest of the new capitalists, since they can become large shareholders.

If competition were allowed to sort out the efficient capitalists from the inept, this would help the economy. But this is a big "if". The elites may see stabilisation and privatisation as in their interest, but are unlikely to consider liberalisation in the same way, since it would threaten their cosy monopolies.

The best-case scenario is one of an economy that is privatised, monopolised and highly regulated by government. As in many Latin American and African examples, what is likely is not successful stabilisation, but a series of failed attempts. It is natural to hope for something better. But wherever the opportunity to move forward quickly has been lost, the reality may be that the transition is frozen.

Oleh Havrylyshyn

The author is alternate executive director for Ukraine at the International Monetary Fund

Clothed in secrecy

So what will Central Intelligence Agency director James Woolsey be wearing today? Fridays at the CIA are now "dressing-down" days. Not more recriminations over the Aldrich Ames spy debacle, but an experiment in casual dressing.

It's the latest effort by Woolsey to alter CIA culture from that of a closed, white male fraternity, into something a little more, well, casual.

Supporters of this trend, now creeping across US life, claim it enhances team spirit and productivity. Others suggest that since most people slack on Fridays anyway, they may as well look the part.

Woolsey says the spooks may wear red suits or stand on their head for all he cares - just so long as they do a good job.

But even though a renowned demon on the ballroom floor, Woolsey is unlikely to turn up today in his patent-leather dancing pumps. Too slippery by far...

Shuffle off

At last, good news for the UK's Tory government. The annual report from the Invest in Britain Bureau - part of the department of trade and industry - yesterday showed a record number of new

jobs created by inward investment last year.

How satisfying for Tim Sainsbury who, as junior minister at the DTI, wrote the report's foreword. Only one hiccup. Sainsbury was a victim of John Major's government reshuffle - and thus absent from the presentation.

Great score!

Not all Brazilians are delighted with the triumphant return of the national soccer team. Osiris Lopes, head of Brazil's Internal Revenue Service, says he's resigning because the players and their hangers-on brought back an Aladdin's cave of US consumer goods - and were not required to pay the normal import taxes. Their booty - some 12 tons - includes freezers, video recorders, gymnastic equipment, computers and a photocopier.

One of the main planks of the Brazilian government's current economic reform programme is a crackdown on tax-dodging. This latest event, says Lopes, is "the last straw".

Chirac snaps

Jacques Chirac is no stranger to the front covers of French magazines; as former prime minister, present mayor of Paris and prospective presidential candidate, he graces them continually. But it's strange to see

OBSERVER



"This veto looks like the work of a professional"

him apparently fire-dodging - by vaulting over a Metro turnstile on the front cover of this week's *Le Nouvel Observateur*. The headline? "The France that Cheats".

Chirac is not named on the cover or the accompanying story, which argues that tax evasion, fare dodging and other fiddles are now commonplace in France. But it's him all right.

His office says it was taken "in good humour" 18 years ago during a Metro equipment breakdown, when a younger Chirac leap-frogged over a ticket turnstile.

Chirac doesn't see the joke. He has accused *Le Nouvel Observateur* of "serious violation of

press ethics" - and is suing.

Eyeballing

At last, Britain and China begin to see eye-to-eye over Hong Kong. Don't get your hopes up, though. It seems governor Chris Patten intends donating his corneas - after his death - to an international medical organisation, which operates a flying eye hospital.

Oddly enough, Zhou Nan, China's *de facto* ambassador to Hong Kong, apparently made the same pledge yesterday while visiting the same flying eye hospital - built into a DC-10 airliner - at Hong Kong's Kai Tak airport.

They really should be grafting at higher things.

Short circuiting

The Kafkaesque problems besetting Russia's ailing enterprises have taken a new twist. Normally, energy suppliers are the main victims of non-payments. But one of the country's biggest oil producers had its electricity cut off on Wednesday - for not paying bills of Rbl50bn.

The Siberian oil giant, Nizhnevartovskneftegas, says 900 of its oil wells have stopped production after the electricity authorities cut it off. A special oil and fuel ministry commission is now heading east from Moscow to settle the dispute.

Nizhnevartovskneftegas reckons it in turn is owed more than Rbl300bn - some \$150m - for unpaid oil bills.

What was that about paying pipers and calling tunes?

Well-informed

Charles Cox, head of public sector business at the UK information technology company Hoskyns, has never concealed his criticisms of the government's approach to contracting-out and its failure to deliver the potential benefits.

Many others in the IT world agree, but have kept quiet, fearing that to speak out would court against them.

But having the courage of one's convictions doesn't always land you in hot water; Hoskyns has just won the contract for providing all IT services at the DTI.

Thumper's home

Was there a subliminal message in the necktie worn by John Prescott's aide, Ian McCartney, at yesterday's big bash in London to anoint Tony Blair as new leader of the Labour party?

The MP for Makenfield's tie incorporated the cartoon character Bugs Bunny, in deference to the new deputy Labour leader's nickname, Thumper.

And its label? "Loony Toons".

Blair to head UK Labour party

Sony closes circuit board plant as Japan demand falls

Italy coalition split on economic policy

Cazenove

FT WEATHER GUIDE

Europe today

It will continue sunny and warm. Temperatures should reach about 30C from northern Germany to central France and Italy. Spain will be very hot with local temperatures above 35C. A small disturbance will develop this afternoon over Spain and southern France, causing isolated thunder storms this evening. Thunder storms may also develop in Switzerland and Austria. Scotland and Ireland will be relatively cool with temperatures staying around 17C in north-west Ireland and along the western and northern coasts of Scotland. England will have sunny periods and temperatures around 25C. A small depression tracking eastwards over Greece will cause thunder storms in northern Greece and Bulgaria.

Five-day forecast

Temperatures will rise further to over 30C. The depression over southern France will move north-east, causing heavy thunder and rain in northern France and, later, in Belgium, the Netherlands and Germany. The sun will return but rising temperatures will increase the risk of afternoon thunder showers.

TODAY'S TEMPERATURES

	Maximum	Beijing	thund	34
	Celsius	Selbst	fair	18
Abu Dhabi	sun	Bahgrade	thund	28
Accra	cloudy	Berlin	sun	30
Algiers	sun	Bermuda	sun	33
Amsterdam	fair	Bogota	shower	19
Atlanta	fair	Bombay	rain	29
Bahia	thund	Busselo	sun	30
B. Aires	thund	Budapest	thund	31
Bjarn	cloudy	Chagen	sun	24
Bangkok	shower	Cairo	sun	37
Barcelona	sun	Cape Town	sun	16

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteor Consult of the Netherlands

Cancas	fair	27	Faro	fair	28	Nasrid	thund	34	Pangoon	drzdz	30
Cardif	cloudy	27	Frankfurt	sun	32	Mayraza	sun	30	Perleuvia	cloudy	13
Casablanca	sun	27	Geneva	thund	28	Malta	sun	30	Rio	fair	26
Chicago	sun	28	Gibraltar	sun	31	Manchester	fair	22	Rome	fair	22
Cologne	fair	29	Glasgow	fair	29	Mexico	cloudy	31	S. Paolo	fair	32
Dakar	sun	29	Hamburg	sun	23	Wellbourne	fair	12	Seoul	sun	24
Dallas	fair	34	Helsinki	fair	22	Mexico City	fair	22	Singapore	fair	31
Deli	cloudy	37	Hong Kong	rain	29	Miami	fair	31	Stockholm	fair	27
Dubai	sun	39	Honolulu	cloudy	30	Moscow	fair	31	Strasbourg	sun	31
Dublin	cloudy	20	Istanbul	fair	30	Montreal	showers	30	Sydney	sun	16
Dubrovnik	fair	31	Jakarta	fair	30	Moscow	rain	18	Tangier	fair	28
Edinburgh	fair	21	Jersey	cloudy	16	Murich	fair	28	Tel Aviv	sun	34
			Karachi	fair	32	Nairobi	fair	28	Tokyo	rain	26
			Kuwait	sun	45	Naples	thund	31	Toronto	cloudy	27
			L. Angeles	sun	25	Nassau	shower	32	Vancouver	sun	31
			Las Palmas	fair	27	Nice	sun	29	Venice	sun	30
			Lima	cloudy	15	Nicosia	sun	36	Warsaw	sun	23
			Lisbon	cloudy	25	Oslo	sun	24	Washington	shower	33
			London	cloudy	28	Oslo	sun	24	Washington	shower	33
			Luxembourg	fair	30	Paris	cloudy	20	Winnipeg	shower	7
			Lyon	cloudy	20	Perth	sun	28	Zurich	fair	27
			Madrid	fair	25	Prague	sun	28			

Latest technology in flying: the A340


Lufthansa

THE LEX COLUMN


Wellcome's cool reception

Admittedly the bank could not afford to continue cutting the repurchase rate by three or four basis points a week without using up nearly all its leeway during the holiday period. Speculation about a discount

This announcement appears as a matter of record only.

 **Inchcape**

Inchcape plc
has acquired through a Recommended Cash Offer
Hogg Group PLC



*The undersigned acted as financial advisor to
Inchcape plc in this transaction.*

MORGAN STANLEY & CO.

May 23, 1994

Issued by Morgan Stanley & Co. Limited, a member of the Securities and Futures Authority.

Networking?
NetWare 4,
of course.

IN BRIEF

Metall Mining grows impatient

Metall Mining, the international mining arm of Metallgesellschaft, is growing impatient at delays in the sale of a 50.1 per cent controlling stake in itself held by the ailing German industrial group. Page 16

Telefónica in GTE talks

Telefónica, Spain's national telecoms operator, is set to engage in talks next week with GTE, which could lead to the US operator taking a minority stake in Telefónica's international arm. Page 16

Saudi banks slow down

A marked slowdown in the second-quarter results of Saudi Arabia's commercial banks indicate the kingdom's post Gulf war banking boom has drawn to a close. Page 17

Caterpillar reaches a record

Caterpillar, the US heavy equipment manufacturer, reported record second-quarter profits of \$240m, or \$2.36 a share, on economic recoveries at home and abroad which sharply boosted sales. Page 18

Strong growth for AT&T

AT&T, the US telecommunications group, saw second-quarter profits of \$1.13bn, or 83 cents a share, against last year's \$1.01bn, or 74 cents restated to account for accounting changes, thanks to strong revenue growth from its long-distance telecommunications, equipment manufacturing and financial services businesses. Page 18

Reshuffle at Coca-Cola

Coca-Cola, the US soft drink group, announced a management reshuffle that effectively appoints a successor to Mr Roberto Goizueta, chairman and chief executive. Page 18

Lac shaken awake

Lac Minerals has for long been near the top of mining analysts' list of companies in need of a wake-up call. That loud call came on July 7 when Lac became the target of US\$1.4bn takeover offer by Royal Oak Mines, the Vancouver-based gold producer. Page 19

Up-to-date in Milan

Milan's stock exchange plans to round off its modernisation process with the introduction later this year of stock index futures, a move which will bring it into line with the rest of Europe. Page 20

Shoptite shares halved

Shares in Shoptite, the Scottish discount food retailer, halved in value yesterday after the group issued a profits warning and said it was "severely curtailing" its store opening programme for this year. Page 21

Benefiting from vehicle safety concerns

First Technology, which supplies sensors and crash dummies to the car industry, increased profitability, thanks to mounting concern over vehicle safety. Page 21

Coffee and cocoa lift LCE

The London Commodity Exchange made a pre-tax profit of £1m (\$1.65m) in the financial year ended in March, after soaring coffee and cocoa futures prices led to a 22 per cent upturn in trading activity. Page 22

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Chief price changes yesterday

FRANKFURT (DM)	PARIS (FF)
Alstom	893 + 41
Anglo	482 - 10.5
Boots	721 - 10.2
BSG	493 - 12
Celltech	199 - 5.5
Colgate	174 + 14
Colson	59 + 14
Colson	197 + 2
Colson	214 + 2
Colson	224 + 14
Colson	11 - 14

New York prices at 12.50

AMSTERDAM (Guilder)	LONDON (pence)
Alstom	260 + 7
Anglo	137 + 14
Boots	184 + 16
BSG	230 + 18
Celltech	640 + 28
Colgate	394 + 25
Colson	318 + 14
Colson	248 + 8
Colson	180 + 8
Colson	456 + 14
Colson	345 + 60
Colson	51 + 4
Colson	58 + 5

Salomon hit by securities losses

By Patrick Harverson
in New York

Plunging stock values and a fall-off in trading and underwriting activity drove Salomon Brothers, the securities broker, into a heavier than expected second quarter loss of \$410m before tax.

This left Salomon, the parent group, with a quarterly net loss of \$204m, or \$2.08 a share. In the same quarter of last year, net income amounted to \$433m, or \$3.32 a share.

Although the group warned Wall Street of its poor second

quarter two weeks ago, the scale of Salomon Brothers' losses surprised analysts, who had been expecting a figure nearer \$300m. In the second quarter of 1993, the firm earned \$783m pre-tax.

The near \$1.2bn difference between the results of this latest quarter and the same quarter a year ago illustrates the volatility of profit flows on Wall Street. The big firms such as Salomon Brothers, which trade actively for themselves and with big institutional customers, are particularly vulnerable to large swings in their earnings.

The poor results are also a stark indication of how the slump in international financial markets this year, prompted by rising US interest rates, has taken its toll on the securities industry.

Earlier this week, Merrill Lynch and Lehman Brothers, two other big Wall Street houses, announced sharply lower profits for the second quarter, and others are expected to follow suit later this month.

Salomon said that the bulk of the losses at its brokerage unit - \$291m of the \$410m - were attributable to client-driven business, where the value of its securities

inventories plunged and trading and underwriting activity dropped sharply. The inventory losses are believed to have been particularly heavy in the mortgage-backed securities area.

Salomon Brothers has also struggled with its proprietary trading business, where losses totalled \$119m.

The one bright note in the group results was the performance of the Phibro oil trading unit, which recorded a pre-tax profit of \$82m, up sharply from the \$3m profit of a year ago.

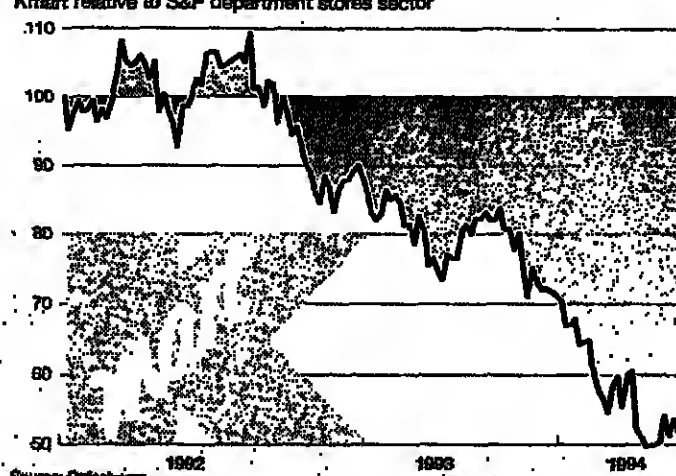
For the first six months, the group ran up a net loss of \$138m, or \$1.54 a share, compared with a net profit of \$331m, or \$2.52.

Dean Witter Discover, the securities broker and credit card group, reported second quarter net income of \$206.5m, up 32 per cent from a year ago due primarily to a big increase in earnings at its credit services division, which includes the Discover card business. The group's securities unit hunkered the industry-wide trend of declining earnings, posting quarterly profits growth of 11 per cent as rising asset management fees offset lower commission and investment banking revenues.

Bruce Jacques and Richard Tomkins report on the troubled store group's latest about-turn

Kmart tries to turn the tide

Kmart relative to S&P department stores sector



Joseph Antonini, chief executive

Kmart, the troubled US discount store group, yesterday performed an abrupt about-turn by announcing that it was selling its 21.5 per cent stake in Coles Myer, the Australian retailer, for A\$126 bn (\$824m).

As recently as last month Kmart had attempted to dampen speculation that it was thinking of selling the holding by announcing that reports to that effect were "incorrect and unfounded".

Days later, however, the speculation was given fresh impetus when angry Kmart shareholders, frustrated at the company's poor performance, threw out its plans to raise money by selling minority stakes in its four specialty retailing subsidiaries in the US.

The proceeds were supposed to help pay for the modernisation of the group's US discount stores. When the plan was voted down, attention switched back to the Coles Myers stake.

The speculation had been depressing the Coles share price, and Kmart suggested yesterday that Coles's directors had taken matters into their own hands.

Kmart chairman, Mr Joseph Antonini, said Kmart's board had analysed various alternatives for the investment. "Kmart has decided to be responsive to the approach from Coles Myer and give them the opportunity to complete this transaction which we believe is in the interest of both companies," he said.

Kmart to sell Australian stake to raise \$924m

A Kmart spokesman said the deal had no bearing on what would happen to Kmart's specialty retailing operations. Shareholders want Kmart to sell them outright so that it can concentrate on putting its ailing discount stores to rights, but Kmart's board has yet to decide.

The sale of the Coles stake will be undertaken in two parts, both conditional. First, Coles plans to buy back and cancel nearly 10 per cent of its own capital at A\$4.55 a share, costing A\$67m.

Second, Coles has undertaken to try to find a purchaser for the remaining 11.45 per cent Kmart stake through Barclays de Zoete Wedd Australia (BZW), the investment bank, also at A\$4.55 a share, valuing the parcel at A\$572m. This part of the deal will involve the purchase of a Kmart subsidiary which owns the 11.45 per cent Coles parcel.

Coles Myer said yesterday that BZW had "indicated its willingness to consider being nominated as the third party purchaser".

BZW chairman, Mr Tim Crammond added: "BZW believes there will be an appetite for the shares in the market and will be seeking to place the shares with a wide cross section of investors."

He added that "should BZW decide to purchase Kmart Holdings it is likely to seek to sell the underlying shares." Selling the parcel at the nominated price may not be as easy as Coles Myer shares closed at A\$4.30, down 2 cents, on Australian stock exchanges yesterday.

Meanwhile, Standard & Poor's, the ratings agency, announced it had placed the company's long and short-term debt rating on creditwatch with negative implications, noting company's heavy capital expenditure programme.

The transaction would substantially raise Coles Myer's gearing ratio which stood at just under 50 per cent at June 30 last year. Directors described this yesterday as making better use of the company's under-leveraged balance sheet.

Black reveals anger at rebuff by Cazenove

By Raymond Snoddy in London

It is more than three weeks since Mr Conrad Black's Telegraph group suffered an enormous blow to its pride when Cazenove resigned as stockbroker to the company. Talking for the first time about Cazenove's action it is clear that Mr Black's anger at being publicly rebuffed by one of London's most respected brokers is growing.

"They gave us less than two hours' notice that they were withdrawing from the account," said Mr Black.

"They left and they did the maximum possible damage to our reputation as a company," he added. There does, however, appear to be considerable support among City institutions for Cazenove's action.

Cazenove withdrew as Telegraph's broker in the wake of controversy in the City over the group. On May 19 institutions bought 12.5m Telegraph shares at 567p a share but just over a month later when Mr Black cut the cover price of The Daily Telegraph in response to Mr Rupert Murdoch's cut-price Times, the group's share price dropped by 191p to 349p. A Stock Exchange investigation quickly cleared the Telegraph of wrongdoing.

Mr Black claims that Cazenove were told in May that he was not pleased with the performance of Cazenove in the original share sale and it was made clear before the price cut row that "perhaps an orderly, amicable parting of the ways in the course of the summer would be in order".

The Telegraph chairman said that on Wednesday June 22 a senior official of Cazenove, Mr

David Wentworth-Stanley, was given a full briefing on the planned cover price cut. Cazenove, according to Mr Black, said there would be controversy and downward pressure on the share price but "they absolutely assured us that they would not find it particularly embarrassing and it would not particularly discomfort them".

After the cover price cut and the share drop Mr David May, now "an exceedingly senior Cazenove official", told Mr Black the price cut had embarrassed the house and its clients but added, according to Mr Black, that Cazenove "will not do anything provocative and we will not withdraw abruptly". Mr Black was therefore shocked to be given what he said was two hours' notice of the withdrawal.

He said an agreed statement was issued saying it was a mutual arrangement.

"We were basically moving them out anyway but not that day for obvious reasons. Then an unnamed Cazenove official was quoted in the Financial Times bannered across the front page saying that they had never in living memory withdrawn from an account like this."

Mr Black said: "This famous firm just scuttled out the back door into the tall grass. That is just not the behaviour one would expect of Cazenove."

"I think Cazenove will pay a heavy price for having deserted a reputable client in a damaging way when in fact that client committed no impropriety and has been involved by every relevant and interested party including Cazenove itself."

Lex, Page 14

UK criticises directors and auditors over B&C collapse

By David Wighton in London

Mr John Gunn, former chief executive of British & Commonwealth Holdings, faces disqualification as a director after a highly critical Department of Trade and Industry report into the acquisition that led to the UK financial services group's collapse four years ago.

Mr Michael Heseltine, UK trade and industry secretary, is making a court application to have Mr Gunn and five other individuals involved in B&C's £400m (\$600m) acquisition of Atlantic Computers in 1988 disqualified.

The report was less critical than expected of the two companies' financial advisers, including N.M. Rothschild and Barclays de Zoete Wedd, although it strongly criticised the work of Atlantic's auditors Spicer & Pegler.

B&C collapsed in 1990 with debts of £1.2bn after writing off £550m against its investment in Atlantic, a computer leasing company, which the report concluded had probably never made a profit since it was formed in 1975.

The report published yesterday criticised Mr Gunn and two fellow B&C directors, Mr Peter Goldie and Mr Andrew Ashman, for failing to alert other board members or shareholders when they learned of a £180m "black hole" in Atlantic's accounts in April 1989.

They were also criticised for publishing a "grossly misleading" set of accounts afterwards.



Not in the driving seat: John Gunn

- Atlantic's rise
- Flawed leases
- Writs fly
- Auditors criticised
- Advisers' role

Pages 22 and 23

The inspectors added, however: "We are satisfied that they were acting in what they perceived at the time (albeit in our view erroneously) to be the best interests of B&C and that they did not act dishonestly in the sense of seeking to defraud any person."

The other individuals facing disqualification are Mr David McCormick, who was a director of Atlantic at the time of the acquisition, Mr Nicholas Kennedy Scott, who was finance director, and Mrs Sien Yen Cheng Kai On, Atlantic's chief accountant.

Mr Gunn said he was "astonished" at the report which was "a shoddy piece of work" containing "material inaccuracies". He is to "vigorously defend" the disqualification action.

He also defended the decision not to alert shareholders. "We were running a company based on the confidence of lenders and market participants and took a prudent approach."

Wellcome confident of further growth

By Paul Abrahams
in London

Wellcome, the UK pharmaceuticals group, yesterday announced a 12 per cent advance in pre-tax profits to £182m (\$282m) for the four months to June 30.

Sales increased 13 per cent from £610m to £690m, but were flattened by the inclusion of revenues from the Warner Wellcome Consumer Healthcare joint-venture. Underlying sales growth of prescription products was 7 per cent, reaching £558m.

Mr John Robb, chairman and chief executive, said margins had been maintained and he expected double-digit growth to continue for the rest of the year, while margins would remain in the 28 to 32 per cent range.

Wellcome surprised analysts with a larger than expected £52m exceptional charge to restructure its consumer operations. Mr Robb said there would be no further exceptional items related to the Warner Wellcome venture. The shares fell 10p to 605p.

Zovirax, the anti-herpes compound and Wellcome's top-selling drug, generated sales of £270m, up 17 per cent. US sales increased 27 per cent to £108m, which Mr Robb described as a tremendous achievement. Only 3 per centage points of growth had been achieved through price increases.

Zovirax sales in Europe were up 8 per cent at £90m, but suffered price cuts equivalent to three percentage points. Japanese sales were up only 4 per cent at £55m, because of doctors' fears of prescribing anti-viral medicines after a competitor's product killed a number of patients. Sales were now recovering, said Mr Robb.

Sales of Retrovir, the HIV and AIDS treatment also known as AZT, fell 15 per cent to £82m. The drug is still struggling with the Anglo-French Concorde trial published last year which questioned its effectiveness in patients who were HIV-positive but without symptoms.

Mr Robb said he was not overly concerned about the US Food and Drug Administration advisory committee's delay in considering Zovirax as a non-prescription drug.

Earnings per share rose 11 per cent to 12.7p. The second interim dividend per share was 5.8p.

The company reported second interim results because it is changing its financial year-end from August to December. Lex, Page 14

This announcement appears as a matter of record only

3i

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July 1994

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INTERNATIONAL COMPANIES AND FINANCE

Metall Mining impatience over controlling interest

By Bernard Simon in Toronto

Metall Mining, the international mining arm of Metallgesellschaft, is growing increasingly impatient at delays in the sale of a 50.1 per cent controlling stake in itself held by the ailing German industrial group.

Metallgesellschaft has indicated that it plans to spin off its stake in Metall through a public offering as part of efforts to improve its liquidity. Metall and its financial advisers are eager to take advantage of the recent surge in copper prices to go ahead with the sale.

"The market is indicating that it would be receptive," one Toronto securities dealer said yesterday.

Metallgesellschaft's stake in Metall has a market value of about \$465m (US\$336.9m). The main stumbling block however, is a convoluted arrangement involving Metall's 35 per cent stake in Norddeutsche Affinerie, one of Europe's largest copper smelters.

Metall is also understood to be frustrated at recent management changes at Metallgesellschaft's head office in Frankfurt, which have blurred lines of communication. The discussions on Metall's future also involve numerous creditors to whom Metallgesellschaft has pledged its Metall shares as collateral.

"There are more than two parties and each has its own agenda," one person familiar with the talks said.

Metall's partners in Norddeutsche Affinerie are MIM, the Australian mining group, and Degussa, the German metals company. Metall acquired its interest from Metallgesellschaft last September as part of a rationalisation of the German parent's metals business before its present troubles surfaced.

MIM and Degussa demanded assurances at the time that the Canadian company's stake would revert to Metallgesellschaft if the seemingly healthy German group were to sever its ties with Metall. Metallgesellschaft would be obliged to pay Metall a fair market price for the assets.

Metall has so far been unable to obtain a waiver of this arrangement from its partners.

Saint-Louis in Spanish stake talks

By Alice Rawsthorn in Paris

Saint-Louis, the French food and paper group, has begun negotiations to double its stake in General Azucarera, the Spanish sugar company, from the present level of 10 per cent, according to Mr Bernard Dumon, chairman.

Mr Dumon has confirmed that Saint-Louis was in talks to buy the holding in General Azucarera owned by Banco Central Hispanoamericano, the banking group. If the deal goes through the French group would emerge with just over 20 per cent of General Azucarera, which has annualised sales of FF1.5bn (\$279m).

The General Azucarera deal

forms part of Saint-Louis's plans to expand its activities over the next few years. The French group, which made net profits of FF717m on sales of FF34.16bn in 1993, is already a force in the European sugar market through its Générale Sucrère subsidiary and in paper due to its interest in Arjo Wiggins Appleton.

However, Mr Dumon said he hoped to double Saint-Louis's annual sales over the next six years. He estimated that the group could currently afford to spend between FF7bn and FF8bn on acquisitions, including FF2.5bn in surplus cash.

"It's highly likely that we will stage a significant acquisition as we have in the past,"

said Mr Dumon. "But we must be patient."

The proposed increase in the General Azucarera stake is seen as the first stage in this expansion programme. Mr Dumon also envisaged establishing Saint-Louis as a force in the eastern European sugar market with projects already under way in the Czech Republic and Poland.

However, the chairman said that Saint-Louis might consider raising capital by selling its stake in Danone, the French food group which recently changed its name from BSN. Saint-Louis currently owns a 2.39 per cent holding in Danone, which has a stock market value of FF1.3bn.

BBV expands despite 14% decline

By Tom Burns in Madrid

Banco Bilbao Vizcaya plans to spend Ptas15bn (\$116m) opening 250 urban bank branches in Spain before the end of next year despite a 14 per cent first-half fall in its net consolidated profit.

The expansion, which will lift the group's network to nearly 3,000 branches, indicates BBV's ambitions to keep a strong share of the domestic deposit base despite its failure

to outbid Banco Santander in the auction for Banesto, the fourth-ranked Spanish bank, last April.

BBV's six-month profit fell to Ptas3.3bn, was blamed on exceptional bond market losses that analysts estimated could have touched Ptas50bn. The group's core banking business, in contrast, showed a healthy 6.2 per cent rise to Ptas220.9bn in its net interest margin.

Spending restraints which kept personnel costs to a rise

of 0.8 per cent and brought overall expenditure down by 0.3 per cent allowed the group to increase its operating income by 18 per cent to Ptas7.3bn.

BBV expects to recover part of its debt market losses, and also loan provisions, in the second half of this year and is confident that it will post similar year-end results to 1993 when its net profits rose by 2.3 per cent to Ptas71bn.

Telefónica hums with talk of alliance

Telefónica, Spain's national telecoms operator, is set to engage in talks next week with GTE, which could lead to the US operator taking a minority stake in Telefónica's international arm. The outcome will have a significant bearing on the global battle between the largest international telecoms companies.

In addition to GTE, Telefónica will be talking to Unisource, the European joint venture grouping the Dutch, Swedish and Swiss national operators that it formally joined earlier this month, into also to AT&T, the US long-distance group that in June forged an international venture with Unisource. AT&T and Unisource could both be invited to take small stakes in Telefónica Internacional SA (Tisa), the international subsidiary.

For AT&T and Unisource, the prize is way into Latin America. In the last five years Telefónica has built Tisa into the dominant operator in the fast-growing Latin American market. A strategic partnership between Tisa and GTE could lend critical support to the AT&T-Unisource alliance as it takes on international rivals - notably the \$5.3bn alliance between British Telecom, communications and MCI of the US - in the battle to become "one-stop" telecoms providers to multinationals.

With a market capitalisation of between \$5bn-\$7bn and an 89 per cent rise in its first quarter profits this year to \$30.8m, Tisa is the jewel in Telefónica's crown.

Its Latin American ventures started with the bargain basement purchase of a 20 per cent stake in Entel Chile in 1989 for \$48m. The biggest recent acquisition was the record \$2bn paid to acquire 35 per cent of Peru's CPT-Entel last March. Tisa has exploited its roots in a common Hispanic culture to snap up opportunities in Latin America.

Tisa groups stakes in 20 different companies, including

Telefónica owns 76.2 per cent of Tisa, with the Patrimonio del Estado, the Spanish government's portfolio, holding the remaining 23.8 per cent.

Telefónica is attracted to GTE as a partner for its management expertise as an operator in all the main US markets - national, local, data and cellular. The two companies have co-operated extensively in CANTV, the Venezuelan operator. A GTE-led consortium, in which Tisa is a minority shareholder, took a 40 per cent

stake in the privatisation of CANTV in 1991.

Telefónica believes that its links with AT&T, through Unisource, are not incompatible with a GTE partnership. A Telefónica official said the two alliances were "complementary" because GTE is primarily a local operator, like Telefónica, serving mostly small customers in specific territories, whereas AT&T is a long-distance traffic carrier with particularly strong links to the large corporate sector. The logic behind an agreement with AT&T is that the US giant will help handle Tisa's global traffic.

A GTE alliance would complement Telefónica's membership of Unisource for the same reasons. By joining the Dutch, Swedish and Swiss venture,

Telefónica believes it gains access to European-based multinationals. The official said: "We simply don't have in Spain any Unilevers, Astras and any Nestlés; we have many more lines than the other Unisource partners but we haven't got their sort of clients." By hooking up Tisa to Unisource, Telefónica expects to manage a profitable link between European business and Latin America.

According to Mr Juan Cueto, chief analyst at the Madrid

in Bolivia, Colombia, Ecuador and Nicaragua are on the horizon, and Telefónica is exploring prospects in Cuba and in Brazil.

The company's balance sheet will be bolstered by the forthcoming disposal of its 20 per cent stake in Chile's Entel, now worth some \$200m, following a ruling by the local anti-trust commission which has forced Tisa to choose between its holdings in Entel and in CTV, the other Chilean operator, in which it holds a 43 per cent stake bought from the Bond Corporation for \$460m in 1991.

The nature of the involvement in Tisa by AT&T and Unisource remains unclear. They might become strategic shareholders through an equity issue similar to that envisaged for GTE. Alternatively, the Spanish government's Patrimonio del Estado might dispose of all or part of its Tisa shares in their favour. The Spanish state still holds a 32.2 per cent stake in Telefónica, which could be reduced in due course.

Telefónica is anxious for the alliances to be as "hard" as possible, which on international form implies an equity exchange to underlie any operating and marketing agreement. However, one of the few certainties is the determination of Telefónica to retain a 51 per cent stake in its subsidiary. Tisa is its golden egg; it is not prepared to see it pass into other hands.

local and long distance operators, data transmission and mobile telephone units and yellow pages franchise holders. As one Telefónica official put it: "Before we were the wall-flower, at the party now, dressed as Tisa, everyone wants to dance with us."

Tisa's strategy has been masterminded by a close-knit troika of Telefónica's chairman, Mr Cándido Velázquez-Gaztelu, Mr Germán Ancochea, the group's chief executive, and Mr Iñaki Santillana, Tisa managing director. The three are frequent travellers to Latin America, which they view as the natural stamping ground for the Spanish group and the launch pad for its elevation to the high table of global telecommunications operators.

broking house Ibersecurities, which this week issued a report on Tisa, the package put together by Telefónica's strategists will outstrip in terms of business volume the alliance between BT and MCI, the second largest US long-distance operator. It would also be a serious rival to the other putative international alliance, that between the French and German state operators and Sprint, the third-largest US long-distance operator.

Telefónica's current thinking is to sell an initial stake of around 10 per cent of Tisa to GTE by issuing new equity in the subsidiary. This would raise some \$500m-\$700m, available to increase its investment in Latin America in partnership with GTE. Privatisations

Outokumpu raises A\$22m from sale of holdings

By Christopher Brown-Humes in Stockholm

Outokumpu, the Finnish mining and metals group, has raised A\$22m (US\$16m) from the sale of minority stakes in three Australian base metal ventures to Pancontinental Mining.

The disposals are in line with the group's strategy of rationalising its minority interests. Proceeds will be used to develop its other Australian activities, including the Forrestania and Honeycomb Well nickel projects in western Australia and the Panorama zinc project in the Pilbara

region of western Australia.

The main transaction involves the sale of Outokumpu's 25 per cent stake in the Thlanga zinc, lead and copper mine in Queensland. The Finnish group is also selling a 25 per cent stake in Mt Windsor, an exploration project, and a 24 per cent stake in Lady Loretta, an undeveloped zinc resource.

Pancontinental aims to end up with 100 per cent control of all three projects, after separately buying out another joint venture partner. The Australian group says the total cost of the moves will be A\$42m.

Norwegian shipowner cuts forecast after halfway slide

By Christopher Brown-Humes

Leif Røegh, one of Norway's top shipowners, has reduced its forecast for 1994 after first half profits after financial items slumped to Nkr129m (\$19m) from Nkr213m.

The company blamed a weaker contribution from its car carrying activities and a bigger-than-expected loss at Cool Carriers, a newly-acquired refrigerated cargo operation. It also said that a dry-docking programme for some of its liner vessels had taken more time than anticipated.

The group expects profits

after financial items of around Nkr200m for the full year, Nkr100m less than earlier forecast. Net profits are expected to be Nkr250m.

First-half freight revenues expanded to Nkr1.46bn from Nkr1.22bn, but operating profits fell to Nkr76m from Nkr176m. Net profits were Nkr142m, compared with Nkr339m. However, the 1993 figure included a Nkr258m profit from the sale of two car carriers.

Røegh's second quarter profit after financial items was Nkr36m on freight revenues of Nkr740m. Net profit was Nkr49m.

Signet faces calls for capital reconstruction

Signet, the UK jewellery group formerly known as Ratners, yesterday faced calls for a capital reconstruction from two groups of disaffected shareholders, writes Tim Bart in London.

The investor groups, both representing preference shareholders, demanded action to overhaul the share structure and raise fresh capital for the company. Pressure for a restructuring has grown since Signet's announcement earlier this year of annual pre-tax losses of \$85.4m (\$132.37m) and a sharp increase in preference dividend arrears.

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INTERNATIONAL COMPANIES AND FINANCE

Saudi banking boom nearing end

By Mark Nicholson
in Cairo

First-half figures for the majority of Saudi Arabia's commercial banks show profits generally moving ahead, but signs of a marked slowdown in the second-quarter indicate the kingdom's post-Gulf war banking boom has drawn to a close.

Bankers and economists in the kingdom say the results show tighter liquidity across the market, with deposits flat, assets up by little more than 5 per cent, operating costs rising and provisions also higher.

With the Saudi government determined to cut public sector spending and the recent rise in oil prices yet to filter through to an economy still feeling the effect of the crude price slide of late last year, bankers and economists say bank profits look set to remain under pressure. "It's the most testing time for the Saudi banking market since the mid-1980s," said one economist.

Among the latest results, Saudi American Bank, 30 per

cent owned by Citibank, reported an 11 per cent rise in first-half earnings over 1993, with net profits up to SR522m (\$140.87m). Al-Rahji Banking and Investment, formerly the kingdom's biggest money changer, reported a 16 per cent increase in net profit to SR434m.

Saudi Arabian Investment Bank, the kingdom's smallest, has reported a 21 per cent rise in the half to SR35m.

However, Saudi French Bank, 31 per cent held by Banque Indosuez, said its first-half earnings were up only 1.5 per cent over 1993 to SR175m, while Saudi British Bank, which is 40 per cent held by Hong Kong and Shanghai Corporation, also reported a slight rise in earnings of just over 1 per cent to SR195.3 over a year earlier, according to unaudited figures.

Saudi Hollandi Bank, 40 per cent owned by ABN Amro, the Dutch bank, said first-half earnings had increased 1.6 per cent to SR93.6m.

Only two banks have had

outright profit falls for the first half, with Riyad Bank reporting a 12 per cent decline to SR374m over last year. Arab National Bank posted an 8 per cent decline to SR216m for the period.

However, more than half of the banks to have issued results so far show marked declines in earnings for the second quarter compared with the first. Bankers and economists in the kingdom attribute this partly to exchange rate losses taken as a result of the dollar's recent weakness and to falls in world bond and equity prices.

Analysts also cite the contraction in public sector activity as a factor, with the Saudi government committed to cutting all government departments' spending by 20 per cent for the 1994 fiscal year.

Cuts are being made largely by cancelling or postponing projects and often through delayed payments by government agencies to private sector contractors, according to bankers in the kingdom, who say

the government appears to be "doing its best" to meet its spending target.

According to Mr Henry Azzam, chief economist at National Commercial Bank, lending to the private sector remains firm, with all the banks to have reported so far showing bigger loan portfolios - with the Saudi American Bank's having increased by 25 per cent.

"In the domestic economy the demand for bank loans remains firm and margins are firming," he says, adding that continued growth in the private sector looked set to improve bank figures slightly in the next two quarters.

Some of this lending, though, reflects cover to companies stretched by delays in government payments.

"Banks will be looking more closely at the quality of their lending over the next few months," says one banker, who said there would also be increased pressure on banks to increase provisions over the next six months.

Fall in gold mine profits hits Anglo American

By Mark Szymon
in Johannesburg

South Africa's Anglo American group, the world's biggest gold producer, has reported attributable profit from its gold mines down sharply in the June quarter, declining 31 per cent to R232.1m (\$49.4m) from R339.5m the previous quarter.

The poor results, which follow the trend set by other leading South African gold producers, were largely the result of lower production levels as a result of labour unrest and unscheduled public holidays because of the April elections.

Although an improved spot price led to a higher average gold price received, at R43.463 per kilogram compared to R41.621 per kilogram in the March quarter, it was more than offset by a 3 per cent rise in average unit costs to R33.923 per kilogram from R31.492 per kilogram. Total production dropped to 57,863kg from 61,266kg.

Profits were further hit by the one-off transitional levy imposed by the government on all South African companies to help finance the costs of the election. This led to R21.4m in additional tax being paid for the quarter. Without the levy, attributable profit would have only decreased 23 per cent.

Freegold, the group's biggest mine, had the worst results. Its attributable profit fell 58.4 per cent to R47.7m compared with R114.6m in the March quarter and gold produced fell to 33,923kg from 35,273kg. Freegold was also hit by a lower average yield at 4.16 grammes per tonne from 4.33 grammes per tonne.

Similarly, at Western Deep, attributable profit dropped 38.3 per cent to R25m from R47.4m and at Vaal Reef total production fell to 16,899kg from 17,928kg. However, Eldorado's total production only dipped slightly to 4,193kg from 4,280kg, while Ergo, which recycles gold from worked out mine dumps, managed to raise attributable profit from R15.59m to R15.58m.

A tale of two strategies in the biotechnology sector

Celltech's deal is a dream come true but Synergen lost a high-risk gamble, says Daniel Green

In the space of four days, the biotechnology sector has demonstrated why it is a high-risk, and occasionally high-reward, industry.

On Monday, Colorado-based Synergen announced it was abandoning research on its main product, laying off half its 630 staff and putting the company up for sale.

Yesterday, the UK's Celltech achieved what is a biotechnologist's dream: a collaborative deal with the biggest US drug company, Merck, that could net it more than \$100m a year from the start of the next decade.

The difference between the two companies runs deeper than the quality of their respective drugs. Each followed a profoundly different corporate strategy. Synergen decided to go it alone and Celltech to collaborate with pharmaceutical companies.

The choice between the two is exercising to the management of many biotechnology companies. The decisions that they take will determine the shape of the sector and its relationship with the entire healthcare business.

The Celltech deal has the financial complexity that is typical of the biotech sector. The company benefits in three tangible ways:

- It is to receive cash payments of up to \$31.5m (\$48m) over five years relating to the progress in developing an asthma treatment code-named CDP 840;
- Merck will pay for clinical testing of the drug. Phase I trials on healthy volunteers have been completed. CDP 840 must now enter the far more expensive phases II and III where it is given to thousands of patients;
- Celltech will receive "double-digit royalties" on sales into a market worth more than \$4m a year. It has the option of contributing to phase III trials and triggering a profit sharing scheme that would take the effective royalty rate to more than 20 per cent.

These potential sums are huge to a company such as Celltech, which has a market capitalisation of \$135m.

Just as importantly, the deal represents a vote of confidence from Merck which, as far as investors are concerned, ought to have a better idea of how to evaluate a prospective drug than any stock market analyst. Celltech's shares jumped more than 10 per cent when the deal was announced.

Progress for Glaxo/Biochem Pharma drug

Biochem Pharma, one of Canada's largest biotechnology companies, is taking a drug it is developing with Glaxo, Europe's biggest pharmaceutical company, into the last stage of clinical trials, writes Daniel Green.

Trials so far have shown Lamivudine to be far superior to existing treatments for hepatitis B, said Dr Francesco Bellini, president of the Montreal company which is hoping to launch the drug in 1997.

The deal with Glaxo gives the UK company marketing rights outside North America, with a joint venture operating in Canada and Biochem selling alone in the US.

should be cut by more than half by the staged payments from Merck.

The difference is deliberate. "Synergen bet the company," says one senior Celltech executive. "We don't want to do that."

That philosophy may sound eminently sensible, but until recently it represented a minority view in the industry. Most took the view that biotechnology was inherently a high-risk business and that, therefore, there must be huge rewards in prospect to attract investors.

They pointed to California's Amgen, the biotech sector's one unequivocal success story. Amgen went it alone. It now has two drugs in the world top 25 and is forecast by stockbroker Lehman Brothers to have 10 of the top five by the end of the decade.

However, the list of failed aspirant Amgens is getting longer.

The biggest apart from Synergen was Pennsylvania's Centocor, which two years ago dropped development of its septic shock drug, but not until it had invested in manufacturing plants and sales and marketing teams.

Centocor's fate shattered many illusions about the biotech sector and engendered a scepticism that still restrains investors.

Increasingly, biotech companies are seeking an alternative to the Amgen, Synergen, Centocor approach. Many, including Celltech, have picked on Chiron, the number three US biotechnology company. Chiron has built its success on a series of alliances with big name drug companies. They include Germany's Schering, Switzerland's Ciba, Sweden's Pharmacia and Johnson and Johnson of the US.

A biotech company entering into such collaborations abandons the dream of becoming a giant pharmaceutical group. But it is a move that, as this week's events show, has its attractions.

Synergen, by contrast saw its share price almost halve on Monday when it said it would abandon its sepsis treatment Anril.

The pain was all the worse for the years of effort and more than \$100m that the company had sunk into the drug: the failure came at the end of the phase III trials.

Synergen had built its own manufacturing plant and engaged sales and marketing teams. It was spending money at a rate - known in the biotech sector as the burn rate - of \$80m a year.

Celltech's burn rate is about \$2m a year, and this outflow

HK bank results disappoint

By Simon Holberton
in Hong Kong

Bank of East Asia, Hong Kong's third largest listed bank, has reported disappointing growth in first-half earnings, with profits for the six months to June only 12 per cent ahead of the interim stage last year, at HK\$222.2m (US\$28.7m).

The result, struck after a secret transfer to inner reserves, were lower than analysts had expected. The market was looking for growth in the region of 18 per cent to 20 per cent. The directors declared an interim dividend of 27.5 cents, up 25 per cent on the interim payout last year.

The results were seen as the harbinger of a lacklustre reporting season for the rest of Hong Kong's banks.

Analysts said that other

listed banks in Hong Kong usually take their lead from Bank of East Asia in deciding the tone of their own profits announcements.

In keeping with Bank of East Asia's past practice, however, it provided no details of its operations. A review by Mr David Li, chief executive, did say, however, that a residential and commercial property development the bank is undertaking had got off to a good start.

Analysts said they thought the sale of apartments from this development could contribute up to HK\$400m to the bank's earnings in the second half of the year.

They noted that the bank booked about 80 per cent of its total net earnings for 1993 in the second half of the year and that a similar pattern may repeat itself this year.

The report, however, which has most interested banking analysts was the one produced by Merrill Lynch, the US securities house, for Bank of East Asia's recent HK\$1bn bond offering. This gives the first breakdown for analysts of the bank's financial position.

It shows that residential mortgages accounted for 44 per cent of the bank's total loans in 1993. This is above the level recommended by the Hong Kong Monetary Authority, the colony's central bank. Mortgages have, however, declined as a share of loans since 1991 when they accounted for 47 per cent of lending.

The report also gives figures for the bank's bad and doubtful debts. Bank of East Asia has HK\$42m of loan loss provisions on total loans of HK\$32.3bn.

Trizec's debt restructuring plan approved

By Bernard Simon
in Toronto

An Alberta court has approved Trizec's debt-restructuring plan despite objections from the property developer's junior debenture holders.

The plan, which has been under negotiation for almost a year, is scheduled for implementation from July 25. However, the dissenting creditors, consisting mainly of US "vulture funds" have indicated that they plan to appeal the court ruling.

Under the plan, control of Trizec will pass from Toronto's Broadman family to Horsham, the investment company controlled by entrepreneur Mr Peter Munk, and Argo Partnership, a fund managed by New York's O'Connor Group.

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EDR	Cash Dividend	Dividend Payable	Dividend Payable
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Depository	1,000 shares	Yen 1,000	Yen 1,000

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July 22, 1994

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As from 15th July 1994 a redemption of the Shares of the Merrill Lynch Equity/Convertible Series - LATIN AMERICA PORTFOLIO and of the Merrill Lynch Equity/Convertible Series - ORANGE PORTFOLIO will no longer be subject to the redemption procedure described in the Prospectus.
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L'appel d'offres fait l'objet d'une publication au supplément du Journal Officiel des Communautés Européennes en date du 14 juillet 1994, N° 133, page 100. Les modalités de participation de l'appel d'offres y sont indiquées.

Date limite de réception des offres: Lundi 29 août 1994 à 18 heures.

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Copies of the above mentioned companies' interim reports have been issued today and are available from the London Secretaries:

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19 Charterhouse Street,
London EC1N 6QP.

21 July 1994

FAR EASTERN TEXTILE LTD.
US\$50,000,000 4 per cent Bonds due 2006
Pursuant to Section 8.2 of the Indenture dated as of October 7, 1991 (the "Indenture"), among Far Eastern Textile Ltd. (the "Company"), Citibank, N.A., London Branch, as Principal Paying Agent and Citicorp Trustee Company Limited as Trustee, relating to the issuance by the Company of US\$50,000,000 aggregate principal amount of 4 per cent Bonds due 2006 (the "Bonds"), we hereby notify you that the Conversion Price has been adjusted from NT\$39.89 per share to the newly adjusted Conversion Price of NT\$37.00 per share and will take effect on July 22, 1994, the record date. This adjustment is based on the declaration of 111,418,562 shares in the form of the stock dividend of 1993. These stock dividends are funded by the Company's capital surplus in the amount of NT\$1,114,185,620.

July 22, 1994
By Citibank N.A. Principal Paying and Conversion Agent
on behalf of Far Eastern Textile Ltd.

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69, Route D'Esch-Les-Bains, Luxembourg
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The Board of Directors.

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INTERNATIONAL COMPANIES AND FINANCE

Coca-Cola reshuffles top managers

By Richard Tomkins
in New York

Coca-Cola, the US soft drink group, yesterday announced a management reshuffle that will see an effectively anointing a successor to Mr Roberto Goizueta, chairman and chief executive.

He is Mr Douglas Ivester, 47, currently head of Coca-Cola's North American operations. He has been appointed to the number two position as president and chief operating officer - a role that has been vacant

since Mr Donald Keough, the previous incumbent, left on reaching retirement age in April last year.

Mr Goizueta has been chief executive of Coca-Cola for 13 years, and under normal company policy would have stepped down on reaching his 65th birthday in November 1996.

Last April, Coca-Cola's board announced that it had asked Mr Goizueta to remain as chairman and chief executive for an indefinite period, but this failed to dampen specu-

tion about who would eventually succeed him.

Barring dark horse candidates, the two men widely regarded as front-runners were Mr Ivester and Mr John Hunter, 56, head of Coca-Cola's international operations. But under yesterday's reorganisation Mr Hunter will be left reporting to Mr Ivester, the younger of the two.

Mr Ivester has previously served as group chief financial officer and head of Coca-Cola's European business as well as running Coca-Cola North

America. In his most recent position he has been credited with producing strong growth in profits from the US market.

Mr Andrew Conway, beverage analyst at Salomon Brothers, the Wall Street securities house, said Mr Ivester was considered to be a long-term strategist.

Coca-Cola said Mr Jack Stahl, chief financial officer, would become head of Coca-Cola USA, and Mr James Chestnut, vice-president and controller, would succeed Mr Stahl.

Strong sales growth lifts Caterpillar to \$240m

By Patrick Harverson
in New York

Caterpillar yesterday reported record second-quarter profits of \$240m, or \$2.36 a share, as the US heavy equipment manufacturer benefited from economic recoveries at home and abroad, which have sharply lifted sales of the group's products.

In the same quarter a year ago, the group earned \$57m, or 66 cents a share.

However, the strong quarterly results are overshadowed by a long-running dispute with unions over labour practices which resulted last month in 14,000 members of the United Autoworkers Union walking out on strike.

The industrial action, which started as a series of short strikes but escalated in the final week of June into a full-scale strike, had no impact upon second-quarter earnings, said Caterpillar.

The group also predicted that a continuation of the strike would not harm its earnings greatly later in the year.

Sales of the group's products in the US, which account for just over half of Caterpillar's total sales, jumped 26 per cent between April and June to \$1.8bn, a result of both increased demand and higher prices.

Overseas sales rose 23 per cent to \$1.68bn, thanks to gains in Asia, Latin America and among former members of the Soviet Union.

However, sales to the Middle East area fell during the quarter.

Caterpillar's financial products division reported a 22m decline in pre-tax profits to \$14m.

This was the result of a 44m charge the group was forced to take to cover the introduction of mark-to-market accounting of interest rate derivatives products purchased by Caterpillar Financial Services.

Yesterday's results had little impact on Caterpillar's share price, which rose 3/4 to \$108 1/2 in early trading on the New York Stock Exchange.

AT&T in black midway after solid second quarter

By Patrick Harverson
in New York

AT&T, the largest US telecommunications group, yesterday reported solid second-quarter profits of \$1.13bn, or 33 cents a share. In the same quarter a year ago the group earned \$1.01bn, or 74 cents restated to account for accounting changes.

The second-quarter profits took first-half 1994 earnings to \$2.22bn. A year ago, AT&T reported a first-half loss of \$5.8bn, but excluding the impact of accounting changes, earnings in the period totalled \$1.94bn.

The improvement in second-

quarter results was attributed by AT&T to strong revenue growth from its long-distance telecommunications, equipment manufacturing and financial services businesses. Total revenues in the quarter were \$17.7bn, up 8.7 per cent from a year earlier.

The results were well received by investors on Wall Street, who bid up the company's stock 5/4 to \$53 1/2 on the New York Stock Exchange in early trading.

AT&T's core long-distance business posted a 5 per cent increase in revenues to \$10.34bn.

The accelerating pace of economic activity, plus strong

sales of new consumer services, lifted calling volume 7 per cent during the period.

Revenues from the group's products and systems division climbed 19 per cent to \$4.5bn, with network telecommunications products and systems sales in the US and overseas growing sharply, and the computer business (formerly NCR) posting a profit on strong equipment sales.

Although rentals and other services revenues declined slightly to \$1.69bn, earnings from the financial services business, which runs equipment financing, leasing and credit card services, jumped 23 per cent to \$723m.

Charge holds back Colgate Palmolive

By Richard Tomkins

Colgate-Palmolive, the US consumer products group, posted net income virtually unchanged at \$142.5m in the second quarter. The group was hampered by a fall in profits in North America and a \$5.2m charge for the sale of a non-core business.

World-wide unit volume grew by 9 per cent, driven by strong increases in Europe and the developing world. Group sales rose 7 per cent to \$1.9bn, and would have risen by 9 per cent without the adverse effect of shifts in exchange rates.

However, volume slumped by nearly 9 per cent in North America in spite of the introduction of new products. Colgate-Palmolive said its goods were still being bought in the same quantities but the retail trade had sharply reduced stocks.

Net income in the comparable quarter was \$142.4m.

Colgate-Palmolive said the latest figure would have been 4 per cent ahead without the special charge.

Fully diluted earnings per share, lifted by aggressive stock repurchases that reduced issued equity by 8 per cent, rose by 7 per cent to 87 cents from 81 cents.

Net income in the first half rose to \$292.1m from \$283.2m, excluding the effect of accounting changes last time.

Colgate-Europe achieved 16 per cent unit volume growth, although about 5 percentage points of that came from acquisitions.

Monsanto beats expectations

By Richard Waters
in New York

After-tax profits at Monsanto, the US chemicals group, climbed 29 per cent in the second quarter of the year. Its chemicals group benefited from the economic upswing in the US and Searle, its drugs company, shook off losses from the year before.

Net income of \$258m, or \$2.19 a share, was ahead of market expectations and compared with \$200m, or \$1.66 a year ago.

In the chemicals area, Monsanto's operating profits rose to \$103m from \$75m on sales down to \$928m from \$933m, thanks mainly to demand in the US automotive, housing and home furnishing markets. The beginning of economic

recovery in western Europe and cost-cutting also contributed to the improvements, the company said.

Searle, which reported a \$37m operating loss a year ago, returned a \$3m profit in the latest quarter on a 9 per cent improvement in sales, to \$415m. The sales growth came from Ambien, an insomnia drug, and Daypro and Arthrotrix, two treatments for arthritis.

For the six months as a whole, net income rose to \$452m on sales of \$4.3bn, from \$341m on sales of \$4.2bn a year before.

Warner Lambert saw its drugs sales fall by 3 per cent in the second quarter, although sales overall grew by 7 per cent to \$1.55bn on strong gains from

consumer products, particularly in the US.

The lower pharmaceutical sales were due to a 9 per cent fall in the US as Lopid, a lipid drug, faced competition from generic alternatives on the expiry of its patent.

Consumer products sales in the US jumped 20 per cent, as the company saw the benefits of an agreement under which it is selling Wellcome products in the US.

Net income of \$197m, up from \$190m a year before, and earnings per share of \$1.47, up from \$1.40, were broadly in line with market expectations. For the half year, Warner Lambert recorded net income of \$367m on sales of \$3bn, compared with \$372m on sales of \$2.8bn a year before.

General Dynamics up 3.7%

By Frank McCarty in New York

General Dynamics, the US defence contractor, yesterday reported second-quarter earnings of \$56m, or 88 cents a share, up 3.7 per cent, saying that its pared-down operations had showed steady improvement in the second quarter.

The results underscored the success of the cutbacks which were largely completed this spring with the sale of its Space Launch Systems arm.

The figures for the continuing businesses, which were slightly better than analysts had predicted, compare with net income of \$54m, or 85 cents, in the corresponding 1993 quarter.

Revenues were up nearly 10 per cent to \$820m.

The 1994 results exclude a one-time net gain of \$15m from the disposal of the space division, acquired by Martin Marietta for \$208m. The year-earlier figures take no account of a \$5m non-recurring gain and reflect a two-for-one stock split in April.

Mr James Mellor, who took over as chairman and chief executive two months ago, attributed the solid performance in part to efforts to cut costs and boost productivity. The group's cash balance was \$988m at the end of June, up from \$711m three months ago.

General Dynamics once produced a wide array of weapons systems but is engaged now in the manufacture of only submarines and tanks.

The electric boat division was recently awarded \$130m in start-up funding to build a third Seawolf-class attack submarine for the US Navy. At the armoured vehicles division, the company said yesterday, there was progress in settling a month-long strike by 2,000 workers.

For the first six months of the year, General Dynamics posted net earnings of \$126m, compared with \$748m in the 1993 period, when it booked a \$645m net gain on the sale of its Tactical Military Aircraft business. Revenues were flat at \$1.6bn.

Recovery continues at Northwest

By Richard Tomkins

Northwest Airlines, the fourth biggest US carrier, yesterday reported a turnaround from net losses of \$136.2m last time to net profits of \$71.3m for its first full quarter since returning to the stock market in March.

The company attributed the improvement to an 8.5 per cent increase in revenues to \$2.77bn, combined with a slight decrease in operating expenses, down to \$2.67bn from \$2.68bn.

Second-quarter operating profits rose to \$207.8m from \$19.2m. Fully diluted earnings per share were 67 cents, compared with losses of \$2.42 last time.

For the six months to June, the company reported a turnaround to profits of \$89.6m from losses of \$236.8m.

The quarter was the fourth consecutive period of profitability for Northwest at a time when most other big US airlines have been showing losses or very small profits. The company said this was the first time it had reported four consecutive quarters of net profits since 1989.

It was helped by an agreement with its labour unions under which employees agreed to exchange \$886m worth of labour concessions for a 33 per cent stake in the company (down to 26 per cent following the initial public offering).

Northwest has been restructuring its routes and flights in an attempt to cut out loss-making services and increase profitable flying. The number of available seat miles fell by 1.8 per cent to 21.39m.

Slumbering Lac Minerals receives a wake-up call

The gold producer is fighting a bid, writes Bernard Simon

Lac Minerals has for many years been near the top of mining analysts' list of companies in need of a wake-up call.

Its board of directors is heavily tilted towards retirees and professional men. Its executive chairman, Mr Peter Allen, has an imperious style which has won few friends in the investment community.

That loud call came on July 7 when Lac, the Toronto-based gold and base-metals producer which has been widely criticised for tardiness, became the target of a bid.

An audacious US\$1.4bn takeover offer was launched by Royal Oak Mines, the Vancouver-based gold producer whose pugnacity makes it the antithesis to Lac.

By the time Lac delivered its response early this week, the directors had tripled their estimate of its gold reserves and given the go-ahead to invest \$600m over the next three years in new projects.

Mr Jim Pitblado, a non-executive director and retired head of Canada's biggest securities dealer, said the board had "complete confidence" in Lac's management.

However, he acknowledged that "there's a feeling that we should be telling our story a little more firmly and a little more aggressively in the market place".

Royal Oak, with projected 1994 gold output of 375,000 ounces, is only about one-third Lac's size.

Its four low-grade mines in Canada are minnows compared with the Lac empire, which stretches across the US, Canada and Chile. As the bid for Lac shows, Royal Oak seldom backs away from a scrap.

Ms Peggy Witte, its tenacious president, is a US-born mining engineer with a reputation for putting crippled mines back on their feet by cutting costs to the bone.

She kept the Giant Yellowknife mine in the Northwest Territories running for a year during one of the most bitter and violent strikes in Canadian mining history.

Although Ms Witte can take credit for rousing Lac from its slumber, Royal Oak remains a long-shot to win the takeover battle.

"You've got to be out of your tree to accept the Royal Oak offer," says Mr Peter Miller, analyst at Yorkton Securities



Peggy Witte: a reputation for rescuing crippled mines

In London. Almost three-quarters of the bid comprises Royal Oak shares, which Mr Pitblado dismissed as "paper of questionable value".

Much of the \$40m-\$50m a year in cost savings which Ms Witte claims she can squeeze out of Lac would be offset by interest charges on the \$700m in long-term debt which Royal Oak would take on to finance its bid and augment working capital.

The combined company's earnings could be wiped out for years by the amortisation of almost \$1bn in goodwill, which under Canadian accounting rules would not qualify as a tax deduction.

The chances of the combined company paying a dividend in the near future without a large increase in the gold price, are nil.

The increased reserves and new projects announced by Lac this week - assuming they come to fruition - raise further questions about the value of Royal Oak's offer.

Estimates of proven and possible reserves have been lifted from 8.6m to 13.5m ounces, plus "additional geological resources" of 13.5m ounces. The increases come largely from exploration projects at two properties in northern Chile, Red Mountain in British Columbia, and from mines in Ontario and the US.

In the past 10 days, Lac's

board has approved construction of a \$110m mine at Red Mountain with an expected annual output of 225,000 ounces a year from the end of 1995.

It has given the go-ahead for the \$182m La Nevada mine in Chile, whose target production is 200,000 ounces a year. A new vein, with estimated reserves of 1m ounces, has been discovered at the El Indio mine in Chile.

Lac has stepped up exploration outside North America over the past year or so, concentrating on Australasia, Sweden and Niger.

The Royal Oak bid, which expires on August 9, is unlikely to be the last word in the Lac story. Royal Oak said this week it was highly sceptical of the sudden increase in Lac's gold reserves. "Royal Oak has always acknowledged Lac's world-class assets, but it has questioned Lac's management of those assets," Ms Witte said.

Lac's shares are widely held, mainly by North American institutions.

Several shareholders have stepped up the pressure by tentatively depositing their shares with Royal Oak. But most observers expect a better offer to materialise. A Canadian analyst came away from a Lac briefing in Toronto last Monday with the firm impression that the company was for sale.

Mr Pitblado confirmed that Lac's financial advisers were exploring other strategic options. He declined to be more specific, nor to say whether Lac was likely to survive in its present form.

Several other gold producers may be interested in Lac, and be more acceptable to its management and shareholders than Royal Oak.

At the top of Mr Miller's list is Cambior, the Montreal-based gold producer whose properties in Quebec and Latin America would make a good fit with Lac.

Other possible candidates within North America include American Barrick, Battle Mountain, Amstar Gold and Pegasus Gold. South African mining houses eager to expand abroad may take a serious look.

The betting in the investment community is that if Lac doesn't survive in its present form, nor will some of its directors and managers.

Abitibi-Price cuts second-term loss

By Bernard Simon in Toronto

Abitibi-Price, the world's biggest newsprint producer, suffered another loss in the second quarter, but scraped together its first operating profit in almost a year.

The Toronto-based company reported a net loss of C\$17.7m (US\$12.6m), or 19 cents a share, down from C\$19.9m, or 29 cents, a year earlier.

The latest figures include a C\$5.2m charge stemming from the expected closure of a newsprint machine at Grand Falls, Newfoundland.

Interest expenses rose

sharply. Operating profit from continuing operations was C\$2.9m, against a C\$10.8m loss.

Sales rose by 12 per cent to C\$518.6m, mainly due to higher volumes.

Mr Ron Oberlander, chief executive, predicted higher prices and further cost-cutting should produce better results in the second half.

Abitibi painted an encouraging picture of the newsprint market.

A 7 per cent cut in discounts was implemented earlier this year in North America and another 6 per cent reduction

has been announced for mid-August.

Newsprint consumption at US daily newspapers was 4.5 per cent higher in May than a year earlier, while customer inventories have fallen by about a quarter.

Offshore consumption has also grown, with Abitibi's shipments rising by 93,000 tonnes during the second quarter compared to a year earlier.

Newsprint and groundwood paper output climbed to 1.2m tonnes in the first half, from 1.1m tonnes a year earlier. Second-quarter production was up 16 per cent.

Microsoft lifted 24% by buoyant PC area

By Louise Kehoe
in San Francisco

Microsoft, the world's largest computer software company, announced strong growth in sales and earnings for its fourth quarter. The results were boosted by a surge in sales of personal computer operating systems programs.

On Saturday, Microsoft settled anti-trust complaints by reaching an agreement with the US Justice Department and European competition authorities to modify the terms on

which it sells operating system licences to PC makers.

It said the settlement would have no material impact on earnings.

Second-quarter revenues were \$1.23bn, up 24 per cent over the \$1.04bn for the same period in 1993. Net income was \$362m, or 59 cents a share (restated to reflect the company's two-for-one stock split in May), compared with \$286m, or 43 cents.

Income includes a \$30m reversal of part of a third-quarter charge, relating to a

Los Angeles court order that Microsoft pay damages to Stac Electronics for patent infringement. Last month, Microsoft reached a settlement agreement with Stac. Net income for the fourth quarter would have been \$342m, or 56 cents, without the gain.

For the year, revenues were \$4.65bn, up 24 per cent from \$3.75bn in fiscal 1993. Net income rose 20 per cent to \$1.15bn from \$953m. Earnings per share were \$1.88, compared with \$1.57 last year after the stock split.

Excluding the litigation charge and the settlement, net income for the year was \$1.21bn, or \$1.98.

"We've completed our 15th consecutive year of revenue and earnings growth," said Mr Mike Brown, vice-president of finance.

Microsoft's sales of operating systems programs to PC manufacturers reached an all-time high, up 61 per cent over the preceding 13 months. Sales of Windows, the widely used PC operating system, were particularly strong.

JPMorgan

The Republic of Kazakhstan

through its affiliates Kazakhstanmunaigaz and Tengizneftegaz Production Association

and

Chevron Corporation

through its wholly owned subsidiary Chevron Overseas Company

have formed

Tengizchevroil

a limited liability partnership registered in the Republic of Kazakhstan

to develop the Tengiz and Korolev oil fields

J.P. Morgan Securities Inc. acted as financial advisor to the Government of the Republic of Kazakhstan, Kazakhstanmunaigaz, and Tengizneftegaz

JPMorgan

April 1993

Polar Lights Company

Компания Полярное Сияние

a joint venture between Conoco Timan-Pechora Ltd. and GP Arkhangelskgeologia

U.S. \$200,000,000

Project financing for the Ardalin Field in Timan-Pechora, Russian Federation

Funds provided or guaranteed by European Bank for Reconstruction and Development International Finance Corporation Overseas Private Investment Corporation

J.P. Morgan Securities Inc. arranged the financing commitments and acted as financial advisor to Polar Lights Company

JPMorgan

September 1993

Orenburgneft Production Association

and

Crystal Oil Company

have formed

A/O Buzuluk Crystal

a limited liability company registered in the Russian Federation of States

to develop the Pokrovskoje and Pronkinskoje oil fields

J.P. Morgan Securities Inc. acted as financial advisor to the Orenburgneft Production Association

JPMorgan

September 1993

Uzbekneftegas

and its affiliate

Uzvneshneftegas

have undertaken initial development of

The Bukhara Refinery

Morgan Guaranty Trust Company acted as financial advisor to Uzbekneftegas in assessing initial development proposals for the refinery project

JPMorgan

November 1993

JPMorgan

US Treasuries fluctuate within narrow range

However, they also underperformed German bonds amid uncertainty ahead of the Italian cabinet's presentation of its long-term budget plans after the market closed. The Italian 10-year yield spread over Germany widened some 15 basis points to 399 basis points.

Daily turnover reached £2,000bn in April in the aftermath of the general election. Turnover has since fallen to around £1,000bn a day but is still well above levels recorded last year.

later trading. Gommann Sains, the lead manager, admitted that placement of the issue had been affected by the closure of the Belgian market.

%	Wed Jul 20	Accrued Interest	rd adj. yld	
7	122.08	1.78	6.40	5 yr
8	142.71	1.78	7.58	15
3	158.72	1.08	8.11	20
9	183.38	2.04	7.36	Inv

July 16	July 15	Yr ago	High*	Low*
94.03	93.91	97.97	107.04	90.89
112.43	112.39	117.11	133.87	107.33

Source: 127.40 (9/1/33), low 49.18 (3/1/73). Based on data through July 1974.

Chg.	Yield	Price	Issue
↓	7.87	United Kingdom 7½ 07	52
		Multinational Int'l Fin 7 00	10

6.73	World Bank 8 1/2 00	12
7.82		
6.78	SWISS FRANC STRAIGHTS	
6.56	Asien Dow Bank 0 10	1
6.25	Austria 4 1/2 03	10
6.34	Council Europe 4 1/2 96	2
6.63	Denmark 4 1/2 89	10

7.28	Hyundai Motor Fin	8 1/2 97	1
6.88	Island 7 1/2 03		1
5.45	Kobe 5 1/2 01		2
6.42	Ontario 6 1/4 03		4
6.80	Quebec Hydro 5 08		1
7.09	SNCF 7 04		4
6.40	World Bank 5 03		1

7.55	YEN STRONGEST	
6.89	Belgium 5 95	750
6.26	ESP 6 1/2 00	1000
7.30	Finland 6 1/2 95	500
6.52	Inter Amer Dev 7 1/2 03	300
6.84	Italy 3 1/2 01	3000
7.13	Japan Dev Bk 5 00	1000

1-1	6.50	SNCF 6 1/2 03	300
1-2	8.74	Spain 5 1/2 02	1250
1-3	7.12	Sweden 4 1/2 86	1500
1-4	7.88	World Bank 5 1/2 02	2500
1-5	6.65		
1-6	7.98	OTHER STRAIGHTS	
1-7	7.48	Germany Lux 9 1/2 98 1/2	10

7.29	Dutch Voice	84	88 CS	1
7.47	Energy Behavior	84	88 FI	5
6.83	Alberta Province	10 th	98 CS	5
8.19	Bell Canada	10 th	98 CS	1
7.13	British Columbia	10 98 CS		5
7.30	EB	10 th	98 CS	1
6.72	Elec de France	9 th	89 CS	2

7.74	Republic of Ireland 10 ¹² 98 CS	16
8.59	Ontario 8 03 CS	15
8.65	Ontario Hydro 10 ¹² 98 CS	5
7.57	Qatar Koorollbank 10 ¹⁴ 98 CS	1
7.10	Quebec Prov 10 ¹² 98 CS	2
6.58	Belgium 8 ¹⁴ 98 Ecu	12
	Council Europe 8 01 Ecu	11

	7.12	Perth 08 Star 100 90 Ecu	5
	8.15	Rally 104 80 Ecu	10
+3 ₁	7.03	Spain 8 95 Ecu	10
+3 ₂	7.15	United Kingdom 94 01 Ecu	27
	6.54	AIRC 10 99 AS	1
-1 ₄	6.67	BP America 124 96 AS	1
	6.79	Contin 8k Australia 134 99 AS	1

7.00	State Bank 7 1/2 02 AS	1
7.25	Nbk ASB NSW 9 02 AS	3
7.10	Sth Aust Govt Fin 9 02 AS	1
0.30	Unilever Australia 12 98 AS	1

the bid-price; the amount issued is in millions of euros
otherwise indicated. Coupon shown is minimum. Sp

or its part in any form not permitted without written

'Disappointing' trading performance and store openings curtailed

Shoprite shares halve to 30p on warning

By Neil Buckley

Shares in Shoprite, the Scottish discount food retailer, halved in value yesterday after the group issued a profits warning and said it was "severely curtailing" its store opening programme for this year.

The statement - which came less than two months after the group revealed half-year profits substantially below market expectations - knocked the shares down from 60p to 30p. They reached a high of 245p in February.

Mr Charles Good, managing director for Scotland, said trading had remained "extremely difficult" since the interim announcement, and sales had

not reached their anticipated levels.

"On the cost side we have made very big strides and our problems are not on that front", he said. "Margin management has also been good. The problem is that our actual trading performance has been disappointing."

As a result, profits for the year to October were expected to fall "significantly short of expectations" given at the time of the interim result, when Shoprite said they were likely to be about the same level as last year.

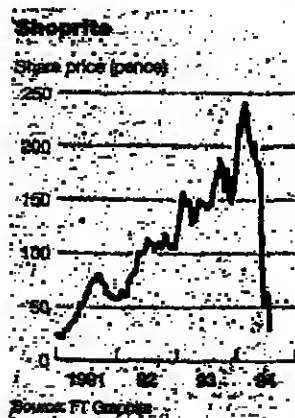
Shoprite has also decided to reduce its opening programme for this year strictly to those stores to which it is already committed, and expects to

open a further 24, taking the chain to 107. That will make 44 total openings for the year compared with the 50-plus previously expected.

The group has also begun moves to dispose of its portfolio of non-core assets, which have a book value of about \$17m.

Mr Good said a marketing and promotion campaign designed to counter the price-cutting initiatives of super-store rivals had been delayed but was about to begin, and was expected to produce an uplift in sales.

Initiatives to cut overheads and improve margins through better product mix and buying would continue, and the board had initiated a



strategic review, he added.

The group had also renegotiated its banking facilities following the failure last month of a sale and leaseback deal on 11 of its stores on a "secured and on demand basis" pending completion of the strategic review.

The company expected to begin negotiations for the provision of revised facilities after the review.

Boots rises 4% in first quarter

By Neil Buckley

Boots, the chemist, retailing and pharmaceuticals group, confirmed the picture of moderate recovery in retail sales with news that its sales were up 4.4 per cent in the first quarter of its financial year.

Some analysts were disappointed by the figures - particularly a 5.3 per cent fall in total sales at Do It All, the DIY joint venture with WH Smith - and the shares ended 184p down at 82p.

The size of the fall, however, was said to be largely due to a programme sale of retail stocks by an institutional investor.

St Christopher Benson, at his last annual meeting as chairman before handing over to Sir Michael Angus, said sales were satisfactory in a "difficult if improving environment".

Total sales at Boots the Chemists were up 4.2 per cent, with like-for-like sales, which exclude new store openings, up 2.5 per cent.

High-margin health and beauty and personal care products were up 8 per cent, and although sales of toiletries had been affected by poor weather in June, they recovered in July.

Among the other retailing businesses, Boots Opticians lifted sales 8.8 per cent, Boots 7.6 per cent, and Childs 19.4 per cent.

However, sales at AG Stanley, which operates the Fads home decorating stores, were down 0.4 per cent, and Do It All was down 5.3 per cent in a DIY market described as "dull".

On the pharmaceuticals side, the prescription drugs business increased sales 6.4 per cent, helped by a strong performance from Synthroid, the thyroid treatment, in the US.

Boots Healthcare International, the over-the-counter drugs business, also improved sales by 6.4 per cent.

However, sales at Boots Contract Manufacturing fell 3.6 per cent, largely due to the withdrawal of the Manoplex heart drug which it was manufacturing last year.

Car safety fears behind First Technology advance

By Andrew Bolger

Mounting concern over vehicle safety helped First Technology, which supplies sensors and crash dummies to the car industry, sharply increase profitability.

Pre-tax profits jumped by 76 per cent to \$4.1m in the year to April 30. Sales were 31 per cent higher at \$24m, with overseas sales accounting for 89 per cent of the total.

The shares rose 14p to 219p. The automotive electronics division, which accounts for 75 per cent of profits and turnover, benefited from strong car sales in America and the rapid growth of new business in Europe. Sales were up 43 per cent.

The group said its fuel cut-off sensors were being fitted by Fiat, Peugeot/Citroen and one other unnamed manufacturer, which together could eventually add up to a total of 5m vehicles a year.

The safety and crash division, which supplies dummies to manufacturers, increased profits on only marginally increased sales. The group said the current year had started well. New product launches included child dummies and a pregnant woman.

First Technology said that in North America and certain parts of Europe, including the UK, key economic indicators looked good for the medium term. In most markets, the economic position was finely poised between recession and the first signs of recovery.

Mr Fred Westlake, chairman, said: "Overall, we believe the outlook is more encouraging than it has been for a considerable period of time."

He said the group was interested in developing its sensor



New designs are provided to satisfy growing concern for safety

business in Japan - probably through a joint venture or licensing arrangement with a local manufacturer. Earnings per share increased by 61 per cent to 17.33p (10.75p). A final dividend of 2.5p makes a total for the year of 3.83p (1p).

COMMENT Car safety trends seem to be going First Technology's way, and an increasing number of European manufacturers are joining the US leaders in fitting the group's fuel cut-off sensor to their vehicles. The

fall in gearing from 52 per cent to 19 per cent means the group can even consider making acquisitions again, although only closely related businesses would be considered. A more immediate prospect is expansion through a joint venture in Japan, where the group currently has no exposure. Forecast profits of 24.7m put the shares on a prospective multiple of 16 - in line with the sector. Given the orders outlook, they look good value - and the group's niche market position could also make it an attractive acquisition target.

Telemetrix shows 35% fall to £5.2m

By Tim Surt

Telemetrix, the UK-based supplier of specialised electronic components, yesterday blamed a price war in North America for a 35 per cent decline in interim profits.

Pre-tax profits fell from \$7.3m to \$5.2m for the six months to June 30, the group said it was a victim of a 17 per cent decline in average US component prices in the second quarter.

GFI Corporation, the 58 per cent-owned US subsidiary and largest division, endured the

brunt of the downturn. Operating profits fell from \$9.7m to \$4.2m (22.7m).

Although demand for networking components supplied by Valor, GFI's main subsidiary, grew by 25 per cent, turnover in North America was virtually unchanged at \$43.2m - representing the bulk of the group total of \$65.5m (\$51.5m).

Mr Tim Curtis, chief executive, accused US competitors of selling components at unsustainable margins, but claimed that Telemetrix was strong enough to sit out the price war. "Our competitors are pricing

in a stupid way, it cannot last. But GFI must move its product mix from lower to higher margin components."

The company has also increased capacity to meet growing demand, by opening new plants in the Philippines and China.

Falling profits in North America were offset partly by an improved performance by Zetex and Trend, the two wholly owned UK subsidiaries.

Zetex increased operating profits from \$1.25m to \$1.4m, while Trend's contribution rose by 43 per cent to \$975,000.

Mr Curtis said both companies had enjoyed improved margins and were benefiting from sales of innovative products to the semiconductor and telecommunications sectors.

Increased cash generation by the UK companies helped lift bank reserves from \$9.81m to \$11.8m. Mr Curtis said those funds would be used for product development and technology acquisitions in markets such as Germany.

Earnings per share fell to 3.1p (3.8p) and the company continued its practice of not paying an interim dividend.

Goode Durrant recovers

By Peggy Hollinger

Price increases and strong demand for hire vehicles helped Goode Durrant, the industrial holding company, to more than double profits before exceptional losses from \$4.5m to \$9.9m for the year to April 29.

Turnover fell by 42 per cent to \$101m, largely due to disposals. Sales from continuing businesses rose by 11 per cent to \$94.6m. At the pre-tax level profits came out at \$10.6m, against losses of \$15.4m.

Mr Michael Waring, chief executive, said the group's strategy of focusing on the commercial vehicle and equipment hire business had been vindicated.

Since the year end, there had been signs of increased activity. Most important, the equipment and storage hire businesses had pushed through rate increases for the first time in many years.

As a result, the final dividend is increased by 17 per cent to 3.5p, for a total 11 per cent higher at 5p (5.4p).

Northgate, the commercial vehicle rental group which contributes about 90 per cent of the group's pre-tax profit, had held a 4 per cent price increase last year. A further 4 per cent rise was introduced this year. Operating profits in this division rose by 77 per cent to \$11m.

Mr Waring said there was a trend among customers towards hiring a greater proportion of their fleets.

Goode Durrant's equipment hire division increased operating profits by 90 per cent to \$916,000 while the housebuilding division, which has been pegged for disposal, held profits at \$710,000 (\$705,000).

Earnings were 14.5p, against losses of 31.2p. Excluding the \$20m in exceptional and non-recurring items taken in 1993, earnings rose from 5.5p to 12.7p.

Hill & Smith ahead to £1.74m

By Graham Dallas

Hill & Smith Holdings, the West Midlands-based building products and steel fabrications company, announced a 17 per cent expansion in interim profits as it built upon a steady showing in the first quarter.

Pre-tax profits for the six months to March 31 amounted to £1.74m, against £1.48m. Sales advanced by a commensurate amount to £36.7m, an improvement that took place wholly in the second quarter, according to Mr John Silk, chairman.

The turnover advance, how-

ever, led to the figure for debtors rising to £23.8m at the period end, up from £19.1m at September 30. This, coupled with a decision to buy forward in steel and zinc, saw gearing rise from 18.5 per cent to 34 per cent during the same period, although it had since fallen, Mr Silk said.

Building products for the housing sector and manhole covers for the communications industry benefited from increased activity to show "significant improvements" in profits, he added, although better margins in drainage prod-

ucts in the UK were partly offset by reduced sales in France. Increased volumes helped the steel stockholding side, while the barrier and fencing operation maintained margins despite declining demand.

Forging failed to show any improvement on its previous showing in spite of a "reasonable order book", Mr Silk said.

The interim dividend is 2.1p, an effective increase of 10 per cent following the 1-for-10 scrip issue in March, covered 1.67 times by earnings of 3.51p (2.99p) per share.

B&J loss deepens after restructuring costs

By Andrew Bolger

Brown & Jackson, the owner of the Poundstretcher chain of discount stores which was recently rescued by Pepkor, the South African retail group, showed pre-tax losses of £12.7m for the six months to June 30.

The deficit, £1.3m greater than last time, included professional costs of £1.4m for the financial restructuring. Turnover from continuing operations was little changed at £57m.

Pepkor, which could inject up to \$56.2m in return for a 63 per cent stake in B&J, said it had started its own review of the business. Changes had already been made to reduce

costs, increase stock densities and improve net margins. Financial difficulties since the year-end had led to some suppliers delaying supplies, severely affecting customer service levels.

Losses per share were cut from 2.5p to 2p.

3i raises Ecu330m

3i, the recently floated venture capital group, said yesterday it had raised Ecu330m (\$260m) for its first fund to be invested in small and medium sized private companies in continental Europe. At the first closing in February, 3i had raised Ecu300m for the fund.

Dana Exploration raises £2.17m and makes buy

Dana Exploration, the Dublin-based metals exploration group, is acquiring TM Oil Production, a company involved in oil and gas exploration and production activities in Russia. The purchase follows an option entered into last October.

Consideration will be met by the allotment to the vendors of 78m new ordinary Dana shares following completion, with either a further issue of 20m new shares or payment of \$450,000 (\$360,000) within 90 days of completion, at Dana's election.

Dana is also raising about £2.17m (£2.15m) through an 11-for-5 rights issue of 52.4m new ordinary shares at 5p each. The

proceeds will provide funding for the enlarged group.

The issue is fully underwritten by T Moore, with Money Markets International as broker.

At the same time the company announced pre-tax losses of £12.2m for the 11 months to December 31, being entirely administrative expenses. For the year to January 1993 there were profits of £51.22m after exceptional credits of £1.24m.

Losses per share were 6.7p, compared with earnings last time of 15.32p.

TM Oil's has an agreement with a group of Russian companies to develop and produce oil reserves in western Siberia.

Sime Darby sets its sights on Europe with purchase of Lec

By Caroline Southey

Sime Darby, the Malaysia-based conglomerate and one of south-east Asia's biggest multinationals, announced its first foray into manufacturing in Europe with the proposed acquisition of Lec Refrigeration, the West Sussex-based refrigeration equipment manufacturer.

Lec's main shareholders with 51.97 per cent of its equity, including the trustees of the estate of Mr Charles Purley, the company's founder, the trustees of the Purley Family Trust, and Candy Holdings, have accepted the cash offer of 350p per share,

which values the company at £21.7m.

The offer represents a premium of 21.4 per cent over the middle market price of 295p per Lec share.

Mr Nik Mohdamin, group chief executive of Sime Darby, said Lec's white goods brand name would complement the company's operations and provide it with manufacturing capacity in Europe. He added that Sime's financial resources would enable Lec to expand its product range and penetrate new markets.

Mr Don Durrant, Lec finance director, said the deal would allow Lec to implement its planned £18m investment in

new plant and machinery over the next three years.

Lec reported pre-tax losses of £288,000 in 1993 against losses of £2.88m the previous year on turnover of £37m (£41m). It employs 990 workers.

Although Sime has extensive international exposure, including divisions in Malaysia, Hong Kong, Singapore, the Philippines and Australia, the acquisition provides it with its first manufacturing base in Europe.

Sime operates 800 companies, employing 50,000 people worldwide. It reported pre-tax profits of M\$840m (£215m) against M\$755m on turnover of M\$7bn (M\$6.2bn) in the year to June 30 1993.

Saville Gordon jumps to £5.6m

By Paul Chesswright, Midlands Correspondent

Shares of J Saville Gordon, the property group with merchanting interests, yesterday rose 5p to 69p following the announcement of more than doubled pre-tax profits and its first dividend increase for five years.

Pre-tax profits for the year to April 30 advanced from £2.35m to £5.6m.

Earnings per share were 3.9p (1.4p). Although the final dividend was unchanged at 1.7p, the total for the 12 months was 2.7p, against 2.2p for the previous four financial years.

Turnover on continuing operations rose to £30.6m (£23.1m). The progress was helped by a rise of nearly 23m to £18.7m in sales of pipeline equipment, the resumption, after a year's absence from the

market, of property trading sales at £4.1m, and increased property rental income as rent reviews produced higher revenue.

This year's rental income should be higher following the purchase of a shopping centre and a portfolio from NFC, while demand is increasing on the merchandising side.

Net asset value advanced to 58.3p (47.4p).

Waste Recycling £5.5m buy

Waste Recycling Group, which came to the market in March, plans to acquire a landfill and waste disposal business for \$5.5m cash.

The group, which intends to finance the deal through a placing and open offer, also reported a pre-tax profit of \$246,000 for the period from February 21 to June 30.

The acquisition of the land-

fill and waste disposal activities at Buckden, Huntingdon, from Hunts Refuse Disposals includes a virgin site of about 3.25m sq m licensed to accept non-hazardous waste.

Waste Recycling is raising a net \$5.5m through a placing by Marshall Securities of 9.72m new ordinary shares at 60p each, with a 3-for-5 clawback by eligible shareholders.

The shares fell to 70p.

An extraordinary meeting is planned for August 15 to seek approval for the initiative.

Waste Recycling has provided consultancy advice to Hunt since 1993.

In the four-month period at Waste Recycling, sales were \$966,000. Earnings per share were 1.6p. There is no interim dividend.

ED&F Man plans September float

By David Wighton

ED&F Man, one of the world's largest agricultural commodity traders, is planning a stock market flotation in September which is expected to value the company at about \$450m.

Currently owned by 100 of its top managers, the company plans to raise between \$75m and \$100m in new money with existing shareholders selling no more than 15 per cent of their holdings.

For most of its 200-year history Man was primarily a sugar trader, but since the 1980s it has broadened its food interests and built a large financial services business. It is a leading trader in commodity, energy and financial futures in London, Chicago and New York and one of the world's largest managers and distributors of futures funds, with more than \$1bn (\$800m) under management.

Mr Harvey McGrath, managing director, said the two sides of the business fitted naturally together. "Both are about managing market risk."

Although it trades commodities as a principal, the company does not take

long-term positions and Mr McGrath said it had largely eliminated the sensitivity of its earnings to prices.

Pre-tax profits jumped from \$46.5m to \$66.7m in the year to March, with the contribution from agricultural products more than doubling to \$36.7m. This reflected recent investment in primary processing and distribution of products from cocoa to nuts.

Although the company has a strong balance sheet the flotation should enable it to obtain a higher credit rating which will improve its ability to offer clearing services in financial futures.

It will also be able to redeem \$60m (£39m) of preference capital which was issued to Philip Morris in 1991 in part payment for a 45 per cent stake in the company which had been sold to its Jacobs Suchard subsidiary in 1991.

The flotation, by way of a placing and public offer sponsored by Schroders with James Capel as brokers, will value the stake of Mr Michael Stone, chairman, at between \$22m and \$25m, while Mr Danny Rosenblum, who heads the US operation, will have shares worth more than \$20m.



Harvey McGrath: both sides of the business are about managing market risk

YRM losses deepen to £2.84m

Shares in YRM fell 5p to 17p after the building design consultancy reported its second consecutive annual loss and again passed its final dividend.

On turnover down from £14.1m to £9.7m, pre-tax losses for the year to April 30 deepened from £1.88m to £2.84m.

After a tax refund of £158,000 (£15,000) the retained loss was £2.68m (£1.7m) and per share 20.27p (12.59p).

Directors said that competition and fee tendering for available projects remained intense, and the need to reduce overheads had led to further redundancies involving costs of \$420,000 (\$368,000).

YRM's overdraft facility has recently been extended to November and the auditors do not intend to qualify their opinion on the group's financial statements in this respect.

They do, however, intend to make reference to fundamental uncertainty relating to the going concern basis and to the Hotel Praha project, again without qualification of their opinion.

Elbief

Elbief, the Birmingham-based manufacturer of photograph and handbag frames, clocks and mirrors, yesterday announced a sharp reduction

in annual losses after the improvement shown in the first half was sustained after the Christmas period.

On turnover ahead from \$3.74m to \$4.18m, the pre-tax deficit for the year to April 30 was cut from \$592,000 to \$297,000.

Losses per share were 2p (4.5p).

Holders Tech Shares in Holders Technology fell by 30p to 147p after the USM-distributed distributor of high precision tools and specialist materials reported pre-tax profits for the six months to May 31 down 39 per cent at \$152,000, against \$251,000.

The result was despite an 11 per cent rise in turnover to £2.31m (£1.99m).

Earnings per share were 2.3p (5.39p). The interim dividend is maintained at 2p.

Southend Property

Exceptional profits from the sale of a subsidiary and associated companies enabled Southend Property Holdings to report pre-tax profits of \$5.05m for the year to end-March, against \$513,000.

During the year, net asset value increased slightly to 94.2p, the company said. The shares added 5p to close at 70p.

Operating profit advanced to \$13.5m, against \$12.7m which included \$295,000 from discontinued activities. However, there was a profit of \$3.94m (\$36,000) on sales of investments in subsidiaries and asso-

ciates, offset by a loss on disposal of investment properties.

The sales meant that for the first time in many years the figures from non-property activities will not now be consolidated. In the year under review the figures included only six months from Mt Martin Gold Mines.

Turnover was \$22.2m, compared with \$31.8m which included \$4.19m from discontinued activities in non-property trading.

Earnings per share were 4.13p (losses 0.59p). A final dividend of 1.6p is recommended for a total of 2.4p (4.25p).

Edinburgh Java

Net asset value per share of Edinburgh Java Trust stood at 46.5p at June 30, against 61.39p six months earlier and 89.3p at end-June 1993.

The company incurred a deficit of \$88,000 (£16,000) for the period, giving losses per share of 0.2833p (0.0909p).

The trust, managed by Edin-

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres- ponding dividend	Total for year	Total last year
First Technology	3.83p	Oct 7	1	3.5	1
Goode Durrant	5p	Sept 14	3.25	8	5.4
Hill & Smith	2.1p	Sept 28	1.91*	-	5.64*
Holdings Tech S	2	Sept 9	2	-	8
Sanville Group	1.7	Oct 28	1.7	2.7	2.2
Southend Prop	1.91p	Oct 3	2.73	2.4	4.25
Timley (E) & S	5p	Sept 3	3.55	5.01	4.33
Wellcome	5.82p	Oct 4	-	-	17.3
WYRM	nil	-	nil	nil	0.5

BRITISH & COMMONWEALTH COLLAPSE: THE DTI REPORT

John Gunn built British & Commonwealth Holdings into a company worth £2.5bn in a few furiously busy years in the 1980s. But his purchase of Atlantic Computers, a deeply flawed company, proved his undoing. B&C crashed in 1990 with £1bn in liabilities. Suits and counter-suits against advisers are seeking some £3.5bn in compensation

The pyramid structure that got out of control

ATLANTIC'S RISE
By Simon Davies

The most extraordinary feature of the collapse of Atlantic Computers was that it did not happen earlier. Founded in 1976 by two computer industry colleagues, it grew into a £500m business within 12 years, but the commercial core of the business was fundamentally rotten from the start.

By the time British & Commonwealth bought into Atlantic for £408m in 1988, Mr Vernon Davies had long lost interest in the business and the more aggressive Mr John Foulston had been killed in a motor racing crash.

But the pyramid sale structure was out of control and could only be propped up by some highly questionable accounting policies, and an obsessive emphasis on increasing the level of sales, at any cost.

One of the more disturbing details to emerge from yesterday's report is the extent to which profits

were propped up by "imprudent" accounting between 1983 and 1988, the inspectors conclude.

Atlantic reported pre-tax profits of £137.6m. If prudent policies had been followed, it would not have been able to report "any significant profits during that period".

Atlantic was formed after Mr Foulston and Mr Davies spotted a niche in what was the boom sector of the latter half of the 1970s - computer leasing.

The two men had worked together at Memorex UK for four years, and initially set up a consultancy and peripherals supplier, but then moved into leasing.

At the time, lessors of substantial computing systems were faced with the choice of long-term leases, which provided cheap finance, but offered no ability to upgrade during a period of rapid technological change. The alternative was a far more expensive short-term lease.

Atlantic devised the Flexlease. As the report states: "the raison d'être

of Flexlease was the aversion of both lessors and lessees to the risks inherent in residual investments in computers, and the apparent success of Flexlease lay in the fact that Atlantic was prepared to assume those risks."

The flaw to this equation was that, whether or not it was actually aware of the level of its risks, it certainly never revealed them, and its liabilities snowballed.

The man in control of the group was undoubtedly Mr Foulston. He was nominally in charge of the sales side of the business, but he increasingly dominated its entire strategy.

Mr Len Jagger and Mr Ian Skipper, the businessmen who took a 60 per cent stake in Atlantic in June 1982, told the inspectors that their main consideration was "the energy, ambition and determination" of Mr Foulston.

Mr Davies handled company finances, despite having a sales rather than accounting background, but despite being in the shadow of

his powerful partner, the report concludes that both men kept a tight control over the business.

On the face of it, they were immensely successful. The company made profits of £12m, rising to more than £5m by 1983. The two men cashed in £2m from the share sale to Messrs Jagger and Skipper in 1982, and retained extremely valuable stakes in the company.

In reality, however, the business was profitable only in so far as it reported its maximum potential profits without recognising any of its substantial liabilities.

When Atlantic leased out a computer system, it booked a profit on the difference between the cost of the system and the sale price to the finance company that lent the money.

There was no acknowledgement of the liabilities inherent in the Flexlease, which enabled lessors either to swap the leased computer system for another after three years (a flex), or to terminate the lease after five years (a walk), or both.

The report estimates that the company's "Walk" liabilities amounted to £160m by early 1989.

The extent of its problems was not entirely hidden at the time. Competitors had pointed out the flaws, and a report by Price Waterhouse at the time of the 1982 buy-out by Mr Skipper and Mr Jagger raised numerous concerns over the nature of the leases.

One year later, the company was launching a full London flotation valuing it at £55.2m. The offer was 1.9 times subscribed.

The prospectus was extremely misleading. The inspectors claim that Mr Davies and Mr Foulston "deliberately deceived" the financial advisers as to the prevalence of "Walk" options.

They claimed these covered about 5 per cent of Atlantic's leases, when the actual figure is estimated at between 60 and 90 per cent. The balance sheet contained no provisions for any of its break-options.

In addition, Atlantic had introduced a critical, but highly ques-

tionable, accounting policy towards these leases.

At the end of the lease period, Atlantic had an option to take the computer equipment for a nominal sum.

It attached a net present value to that option, based on current estimates, and not only wrote that value into its balance sheet at the time the lease was signed, but recognised it as a profit.

The unpredictability of computer resale values should not have surprised Atlantic, since it had taken a \$966,000 provision against stock write-downs on obsolete IBM models - this was taken in its 1980 results, and helped emphasise a trend of rising profits.

The recognising of the residual value on these leasing deals was of fundamental importance to Atlantic's balance sheet. It accounted for 80 per cent of 1981 profits and 74 per cent of those in 1982, building an earnings base on very uncertain foundations.

The nature of Atlantic's potential

liabilities, from the Flex and Walk elements of its leases, put immense pressure on Atlantic to increase sales, and encouraged by Mr Foulston, sales staff took increasing risks to secure a deal.

Mr Davies had sold £3.9m of his shares in the flotation, and he eventually sold out of the business in May 1986 for a further £13m.

Mr Foulston became increasingly dominant, but in a more competitive market, staff were offering deals that were described as suicidal in terms of their potential liabilities, but which propped up short-term earnings.

However, by 1987, Mr Foulston's interest in motor racing was taking up more of his time - he owed 70 per cent of Brands Hatch Leisure, which operated the racing track.

When he died in a motor racing accident in September that year, there was no management team in place that could replace him. It was only a matter of time before the inherent flaw in his Flexlease destroyed the company.

Never quite became 'one of us'

MAVERICK GUNN
By David Wharton

Mr John Gunn, the man who presided over Britain's highest ever financial collapse, has never quite fitted the part.

His downbeat style and air of moral seriousness always set him apart from the other flamboyant dealmakers who built and lost empires in the 1980s.

Yet few could match the scale of his achievements or the disaster which came in his wake.

In a few heady years he expanded British & Commonwealth into a financial services group worth £2.5bn only to see it collapse leaving debts of £1bn.

The son of a Cheshire railwayman, he has never been quite accepted as "one of us" in the City, although at the height of his career he was the toast of the town.

In his quiet determination and confidence in his own abilities he has much in common with his cricketing hero Geoffrey Boycott, the Yorkshire batsman.

After studying German at Nottingham and Friburg Universities, where he met his German wife and developed an interest in the country's literature and stamps, Mr Gunn started his career in the foreign exchange department of Barclays Bank in Manchester.

Eventually frustrated by his lack of promotion he moved to London and Astley & Pearce, a small money broker.

Some 11 years later he created Exco to buy Astley from its main shareholder, Astley & Pearce.

Backing came from the wealthy Cayzer family, whose formidable reputation as canny investors has only been enhanced by their association with Mr Gunn.

Exco was floated on the stock market in 1981 at a value of £60m. Five years later, after a string of acquisitions, it was worth £500m.

In 1985 Mr Gunn walked out after disagreements with his boardroom colleagues. Lord Cayzer, who had done very well out of Exco, offered him a job at British & Commonwealth, the conglomerate controlled by the family's Caledonia Investments.

Once the UK's largest shipping company B&C had developed into a highly diversified holding company into which the Cayzers were trying to breathe new life.

In 1986 Mr Gunn became chief executive, having convinced the family that the group should concentrate on

financial services.

"I can do what I want, more or less, subject to the agreement of the rest of the board," Mr Gunn said at the time and used that freedom for a £2bn acquisition spree.

His first move was to buy Exco for £637m. Less than a year later he spent £560m on Mercantile House and then strengthened B&C's presence in fund management by adding Oppenheimer in the US to its own Gartmore Investment Management in the UK.

"We are looking to build up the largest non-banking financial services company in the UK," he said. But as Mr Gunn celebrated that year's £1m pay cheque the Cayzers were looking to sell.

In October 1987 B&C agreed to buy back 25 per cent of its shares held by Caledonia Investments for £27.5m.

The deal was based on a share price of 475p and was struck just days before the stock market crash.

The shares quickly dropped by more than 150p and continued to fall steadily. Three years later they were worthless.

In April 1988, at the age of 46, he received the Guardian Young Businessman of the Year award. As so often happens, this marked the peak of his career which started going badly wrong three months later with the £400m acquisition of Atlantic Computers.

It is still debatable what would have happened to B&C had it not bought Atlantic. But there is no doubt that it would have experienced serious financial difficulty in the recession.

Mr Gunn had constructed a group highly sensitive to interest rates with a large amount of floating rate debt.

As the economy slowed Mr Gunn tried to shore up the balance sheet with disposals.

"I am not much good at anything else apart from doing deals," he said at the time.

But he proved less adept at selling companies than buying them.

An agreement to sell Exco to Mr Gary Klesch's Quadrex fell through. The failure recently led to a successful claim for £172m by B&C's administrators against Samuel Montagu.

The merchant bank had provided assurances that Quadrex had funds to pay for the deal which never materialised.

In 1989, B&C raised £140m from the sale of Gartmore, which recently returned to the stock market.

However, when it was forced to write-off £550m as a result of the collapse of Atlantic, the balance sheet could not take the strain.



its bankers attempted to mount a rescue but when the Securities & Investments Board ordered firms to remove money from the British & Commonwealth Merchant Bank there was no option but to call in the administrators.

At the time it was widely assumed that there would be little left for creditors, let alone shareholders. But the administration has been more successful than expected.

The flotations of Celtach

and most recently Exco have brought in more than originally projected and creditors of the group finance subsidiary, owed more than £700m, could eventually get 29p in the pound.

The final figure will depend on the string of legal actions the administrators have started. Creditors of the merchant bank have already been repaid in full.

Since the collapse Mr Gunn has developed a new career as a "business angel" investing in

and helping small companies. He also has two non-executive directorships at public companies, Midland & Scottish Resources and Glenchewton.

He said yesterday he would continue to pursue these interests at the same time as vigorously defending himself against the disqualification action.

"In my career I have been a director of literally hundreds of companies and only had one problem," was his comment yesterday.

FLAWED LEASES
By Simon Davies

The heart of Atlantic Computers' dramatic rise and fall was the Flexlease, which provided the basis for almost all of the group's computer leasing business.

Flexlease was designed to give a company the benefits of taking a long-term lease over a computer system, together with the flexibility to break that lease at what appeared to be a minimal extra cost.

The basic lease had an average life of six years, and comprised an agreement between a bank or other funder, and the party acquiring the system.

However, there was a separate management agreement, whereby Atlantic provided an opt-out for the lessor. Under some agreements, the system could either be returned to Atlantic in exchange for the replacement equipment (a flex), and in others it could be terminated (a walk).

The Flex was generally triggered after three years, and the Walk after five years. An increasing number of leases included both options.

Atlantic's sole means of mitigating losses from this area was by selling the machinery, and generating a profitable replacement lease on a Flex.

Since the fall in the value of second-hand computer equip-

ment was more rapid than the outstanding lease obligations, this was a dangerous tie-up. Atlantic had a hidden weapon: the Flex agreement was worded so as to be, in the judgment of the investigators, legally unenforceable by the customer.

While it enabled an early break "at no penalty", it also allowed for the interpretation that subsequent losses could be recovered through the terms of the new lease.

Ultimately, the only way Flexlease could remain profitable was by ensuring sufficient new sales to cover its ballooning liabilities. The collapse of the company that devised it was all but inevitable.

Catalogue of errors and misinformation

B&C'S COLLAPSE
By William Lewis

The end came quickly for British & Commonwealth, shortly after it realised the huge burden it had acquired with Atlantic Computers. But before Mr David McCormick, Atlantic Computers' chief executive, alerted B&C directors, he sold shares in the group, the DTI inspectors report.

On April 12 1989, Mr McCormick, telephoned Mr McFadyen, a partner in accountancy firm Moores Rowland in Jersey.

Mr McCormick, who joined Atlantic in 1986 and was appointed chief executive after its acquisition by B&C, had built up a holding of 1.2m shares in B&C through Fundico, a company controlled by trustees for the benefit of himself and his family. That afternoon he instructed Mr McFadyen to sell 600,000 shares. The deal, which raised approximately £1m net, came after Mr McCormick had become aware of a contingent liability for Atlantic "far in excess of £30m to £40m," say the DTI inspectors.

Information concerning the sale has since been referred to the DTI.

The same week, Mr McCormick told colleagues that Atlantic's liabilities were substantially higher than the £30m to £40m. Mr Nicholas Kennedy Scott, then a director of Atlantic and B&C, and Mr Adrian Howe, later to become Mr McCormick's personal assistant, were told that Atlantic's gross liability was £160m, none of which had been provided for in Atlantic's accounts.

The information "was the first clear disclosure to B&C that Atlantic faced serious problems", the report says. It marked the beginning of the end for B&C.

Two years earlier the two senior directors of B&C, Mr John Gunn and Mr Peter Goldie, had been regarded as successful and experienced in corporate acquisitions.

During the 1980s, B&C was transformed from a broadly-based industrial group to a financial services business. It was a transformation achieved on the back of substantial borrowings when interest rates were relatively low. B&C was also committed to buying out, over a short period, the interests of the Cayzer family, for-

mer controlling shareholders. B&C imposed minimal head office control on divisions. This "hands off" management philosophy "may have had its merits," says the report, but "it also posed a serious risk for B&C if the business management of any of its divisions had not been thoroughly researched and understood before acquisition."

For B&C the attraction of Atlantic was that it would replace the earnings of Broom, which it had sold in 1988. It saw Atlantic as a strong financial services group with substantial overseas interests, and Atlantic's accounts indicated that it had strong cash and fast-growing profits.

But the inspectors conclude that B&C completed the deal without having a clear understanding of the Flexlease, by which Atlantic conducted most of its leasing business.

"The root cause of Atlantic's failure lay in the lack of core preliminary viability of its core product, the Flexlease, and the way in which Atlantic accounted for profits and failed to make provision for the contingent liabilities associated with the Flexlease," the inspectors say.

B&C was told by Atlantic on several occasions that it was not exposed to residual risks, and never seriously questioned those assurances. The report primarily blames Mr John Tomkins, Atlantic's chief executive, and Mr Kennedy Scott for the misrepresentations.

The report also highlights the "ill-defined" relationship that B&C had with its external advisers, BZW and Outram, Cullinan & Co, a firm of strategy consultants. "B&C appears to have been looking to BZW for advice of a kind that BZW believed was not within their remit," the inspectors suggest that there should have been a detailed letter of engagement between BZW and B&C.

The inspectors also say that BZW should have adopted a more independent and critical stance in appraising the thoroughness of B&C's enquiries, enabling them to recognise the shortcomings.

B&C's decision to go ahead with the deal was also influenced by the fact that Atlantic's published accounts had been given unqualified audit reports by Spicer & Oppenheim, as well as by a flawed OC&C valuation report of Atlantic.

The valuation contained "a

serious, but readily detectable, error which was not noticed by B&C, BZW or OC&C"; its definition of operating cash flows. "It appears to us that the valuation of Atlantic prepared by OC&C had a material influence on the B&C principal directors' decision to proceed further with the acquisition negotiations," the inspectors state.

"In our opinion this financial disaster for B&C and its shareholders would have been avoided if B&C had adopted a thorough, professional approach to its pre-acquisition enquiries." B&C acquired Atlantic at the beginning of September 1988 for about £400m.

Within seven months, three directors of B&C - Mr Gunn, Mr Goldie and Mr Rusty Ashman, finance director - had been told of gross liabilities estimated at £160m in the UK and US. They first learnt of it, according to the inspectors, shortly after B&C had issued a preliminary announcement of its 1988 results, but before signs of either Atlantic's or B&C's 1988 accounts.

The three men resolved that the 1988 accounts of B&C should not be amended to provide for Atlantic's liabilities, according to the inspectors, and Deloitte Haskins & Sells, B&C's auditors, should not be told; and also that the matter should not be disclosed to the rest of the B&C board.

As a result, Atlantic's published accounts for 1988 were "grossly misleading" and the inspectors conclude that Atlantic "in all probability had never made a profit".

It was not until late July 1989 that the whole B&C board was informed of Atlantic's contingent liability problem, and it was only after the appointment of Mr Mark Wood as managing director of Atlantic in March 1990 that "B&C finally set about a realistic and objective assessment of Atlantic's business for the first time". Mr Wood reported that facilities of up to £150m were required if Atlantic was to survive. B&C could not provide such funds.

"The decision was taken, in our view reasonably, to place Atlantic into administration," the inspectors state, summing up the response of B&C management to the contingent liability problem as "much too little, much too late".

Soon after, on June 3 1990, B&C itself went into administration.

Hopes rise of resolving legal tangle

WRITS FLY
By John Mason

The DTI report into Atlantic Computers looks set to have a substantial impact on the complex raft of legal actions spawned by British & Commonwealth's disastrous acquisition.

A welter of large-scale litigation - with over 70 claims and counter-claims totalling well in excess of £3m - has been prompted by the affair. Most leading London law firms are involved in acting for somebody caught in the legal cross-fire. The litigation, should it ever reach court, would prove exceptionally complex, exhausting and expensive.

The report is now being

closely studied by the lawyers concerned. The amending or even dropping of some of the actions is considered possible.

Yesterday, both lawyers and their clients were refusing to comment publicly on the possible impact of the report on their individual legal actions. However, there was private agreement that it could act to partially resolve what is rapidly becoming a legal mess.

"Clearly there is now a need to re-examine the whole situation in the light of the report," said one participant in the legal battles.

In its conclusions, the report makes little or no criticism of the professional advisers involved in the acquisition of Atlantic Computers by B&C, apart from Spicer & Oppen-

heim, the computer company's auditors.

This lack of criticism could affect one of the largest actions outstanding - that brought by Ernst & Young, the British & Commonwealth administrators, against Barclays de Zoete Wedd, the securities arm of Barclays. In this action, the administrators are suing BZW for approaching £1bn. The auditors are alleging BZW was negligent in carrying out its role as adviser to B&C over the acquisition.

Ernst & Young have also brought the other main claim in the welter of litigation - a similar £1bn action against former Atlantic directors including Mr David McCormick, the former chief executive, Mr John Tomkins, his predecessor

and Mr John Gillum, a former Atlantic chairman. In both cases, the writs have been issued, but the actions are still in their very early stages and no date has yet been fixed for them to reach court.

It was these claims by Ernst & Young which effectively triggered the flurry of other writs, as other parties responded by launching their own actions to protect themselves or creditors.

BZW responded to the administrators' claims by mounting its own series of actions. These are against OC&C, Coopers & Lybrand, NM Rothschild and Spier & Oppenheim, along with three former Atlantic directors, Mr Tompkins, Mr Nicholas Kennedy-Scott and Mr

McCormick. BZW has yet to put a figure on the scale of these claims.

In further actions, Price Waterhouse, the Atlantic administrators, are suing Spicer & Oppenheim and former directors of the computer company - again for sums approaching a total of £1bn.

It will be some months before the impact of the DTI report on the mountain of litigation becomes clear.

But, as one litigant put it: "It has become horrendous. Everyone is going around in circles. We have got to find a way of simplifying this, otherwise we will be arguing for years. The DTI report will clarify some of the issues. It could trigger more claims, but hopefully it may simplify this mess."

BRITISH & COMMONWEALTH COLLAPSE: THE DTI REPORT

DTI censure offers insight into auditing

AUDITORS CRITICISED
By Andrew Jack

Yesterday's DTI report on the accountants involved with Atlantic Computers and British & Commonwealth includes a powerful criticism of one firm, and strong remarks about two others in a rare insight into the audit process.

Singled out for most criticism is Spicer & Oppenheim, now part of Touche Ross, which became auditor to Atlantic in preparation for the company's float in 1983, and remained in place until June 1989.

The DTI inspectors say that, in a report produced in 1983, the firm failed to carry out sufficient investigation work as specified in their terms of reference, and did not take adequate steps to verify the information provided to them.

They criticise Spicer's report on Atlantic's working capital forecast at the time of the company's takeover by B&C in 1988. They say no account was taken of Atlantic's trading and funding difficulties and that the firm did not follow up concerns raised in a report by a subsidiary auditor on the possible need to provide for losses on lease contracts.

During 1983 to 1987, Spicer planned its audits without sufficient understanding of the risks of the company, relied too heavily on Atlantic's own accounting control systems when it knew their weaknesses, and did not consider sufficiently carefully the recommendations about risks identified by KPMG Peat Marwick, auditor of several subsidiaries.

The 1988 audit placed excessive

reliance on Atlantic's internal controls, did not justify the introduction of a higher level of "materiality" beyond which concerns would have been flagged, did not set adequate objectives and was "poorly conducted" in a number of areas.

The inspectors say stock was not properly confirmed, a planned circular of debtors not

was any collusion with Atlantic. But they stress that the firm was responsible for the audit and should have designed procedures to identify and address the areas of risk.

Touche Ross distanced itself from the conclusions of the report last night and stressed that matters relating to Spicer were "ring-fenced". It is

Atlantic in 1975 and acted as auditors of the company until 1982.

The inspectors concluded that recollections from so long ago were hazy, that the company was in its infancy and that a balanced and objective assessment of the audit would be impracticable.

They considered the role of Deloitte Haskins & Sells, now part of Coopers & Lybrand, which was auditor of B&C during the period of its involvement with Atlantic.

They expressed "surprise" that Deloitte relied so heavily on Spicer's audit of Atlantic's accounts when they should have been aware that the company was a high-risk audit. They said a careful reading of Spicer's audit files should have alerted Deloitte to deficiencies in the accounts.

There was no criticism of Deloitte's role in the 1989 interim statement, nor of its review of Atlantic's accounting policies following its acquisition - since they were instructed by their client not to complete the review.

KPMG, which took over as auditors of Atlantic from Spicer in 1989, identified the problem of Atlantic's exposure to potential liabilities early on and were justified in accepting the assurances of the company's directors that the exposure was dealt with, the inspectors say.

However, they say there was "an unfortunate lack of clarity" in framing its audit opinions, which did not communicate its reservations in a way that was picked up by Spicer. The inspectors blame "lack of perceptiveness" on Spicer's part rather than criticising KPMG on the matter.

In our view Spicer's failings had their origin in Spicer's inability to establish credibility and influence with Atlantic at the very beginning of their involvement in the days of Mr [John] Foulston. [Co-founder of Atlantic]. This led to a passive relationship in which Spicer would be challenged rather than consulted. From the outset Spicer did not have a sufficient understanding of Atlantic's business, and in particular of Flexlease and its attendant risks. Spicer failed to develop their knowledge and understanding of the business at the same pace as the business itself developed. This lack of understanding hindered the effectiveness of Spicer's audit procedures such that by 1988 there were significant failures in the approach and conduct of the audit.

DTI report

carried out, incorrect conclusions drawn from reconciliations between equipment and lease income, and sections of the audit file not adequately reviewed or detailed to show significant problems met during the audit.

The inspectors suggest that Spicer was inclined to accept problems as not material and include them in the post-audit letter, rather than raise them with Atlantic before providing audit clearance.

They conclude that the Spicer audit was conducted in good faith and that there was no evidence to suggest there

believed that the engagement partner at Spicer for Atlantic had not joined Touche when the two firms merged in 1990. Spicer said last night: "The partners disagree with much of what the inspectors say about them. They do not believe that anything Spicer did caused the collapse of Atlantic or B&C to buy it. The real story is not about them but about corporate governance."

The DTI inspectors also considered the role of three other firms of accountants. Rowland Nevill, now part of Moores Rowland, was instrumental in the formation of



Atlantic Computers' former headquarters in Staines, scene of extensive pilfering in April 1990 when staff were made redundant. According to one director: "Stuff just walked out of the door: customer lists, PCs worth thousands, £500 to £1,000 prints, anything that wasn't physically locked down." As he spoke a woman emerged from the building carrying a painting towards her car

Financial advisers criticised

ADVISERS' ROLE
By Norma Cohen

Barclays de Zotte Wedd, the UK-based merchant bank, was criticised yesterday by the Department of Trade and Industry for its role as the financial adviser to collapsed British & Commonwealth in its bid to acquire Atlantic Computers - a bid which proved to be B&C's undoing.

BZW's role is now the subject of a series of writs, and it in turn has issued writs, in connection with events at Atlantic Computers and B&C.

The thrust of the DTI's criticism of BZW is that even professional investors could have

been misled into thinking that BZW endorsed B&C's view that the purchase was a wise move. The circular asking B&C shareholders to approve the Atlantic acquisition said: "Your directors, who have been advised by Barclays de Zotte Wedd, believe that the acquisition of Atlantic is in the best interests of stockholders."

BZW told the DTI that this could not be taken as an endorsement of the board's decision and said its role had been limited to offering financial advice. The DTI concluded that on this more limited area - essentially a co-ordinating and facilitating role in a bid - "we have seen nothing to suggest that BZW did not perform these functions in a

wholly satisfactory manner." Although the UK Takeover Code requires the target company to obtain independent financial advice on behalf of shareholders, there is no obligation on the part of acquiring companies. BZW had argued that this role was understood by merchant banks in the City.

However, the DTI concluded that the wording of the circular would have led most professional investors to assume it had actually taken a view on the merits of the acquisition. The report noted that BZW involved B&C for £800,000 in connection with arranging the bid and an additional £400,000 for other matters including "an appraisal of Atlantic".

The DTI concluded that BZW

had adopted "an insufficiently robust approach" during its investigation of Atlantic. The DTI also criticised Outram Cullinan & Co, the strategy consultants now owned by Coopers and Lybrand, for their role in evaluating the benefits of the buy.

While noting that OC&C had warned B&C that its analysis was hindered by the refusal of Atlantic to supply key information, it failed to reiterate that at a B&C board meeting where the decision to acquire Atlantic was made. In its defence, Coopers said the firm had expected B&C to undertake further due diligence and it had not realised that the meeting was the one where the decision to buy Atlantic would be taken.

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RECRUITMENT

Jobs: Young finance directors are breaking into the top echelon of directorships Initials that stand for main board advance

The youngest Turks in UK boardrooms are likely to be linguists with at least a brace of qualifications to go with their drive and ambition, according to a study into the board compositions of big companies.

Korn/Ferry Carre/Ohan International, the executive search company, identifies what it calls a "new breed of executive" in its research, covering more than 1,000 directors in 154 companies. The survey sample, drawn from The Times 1000 list of the UK's largest companies, has produced discernible trends in the composition of boardrooms, which may include some useful pointers for recruiters.

One of the most striking features is the emergence of MBAs as an increasingly prevalent qualification among directors. The report found that 10 per cent of executives under the age of 50 had MBAs.

Many of the younger and more highly qualified directors, said the report, are fluent in at least one foreign language and have practical experience of working overseas. Only two years ago a similar body of research found that fewer than 1 in 5 UK directors had a second lan-

guage. Unfortunately the survey did not produce an overall languages comparison this year but intends to have another look next year.

Some 71 per cent of directors in companies with £1bn annual turnover and above, compared with 63 per cent in last year's sample, had degrees.

A trend away from accountancy qualifications seems to be emerging among finance directors. Among the 35 finance directors surveyed in the £1bn-plus companies, just over half had accountancy qualifications and just less than a quarter had MBAs.

In previous years accountancy qualifications had dominated to a much greater degree over a smaller number of MBAs. This swing in emphasis among qualifications is even more apparent in the report's analysis of directors by generation.

Only 5 per cent of chairmen, deputies and chief executives over the age of 50 in the sample had degrees, compared with 61 per cent of degree holders among their younger counterparts. While the older generation had the edge on legal qualifications, younger directors had more accountancy qualifications and MBAs.

One figure that backed this trend was the greater percentage of finance directors over the age of 50 with accountancy qualifications than in the younger age group.

Michael Brandon, the Korn/Ferry director who co-authored the report, says this does not mean that finance directors are becoming less qualified. Quite the opposite. Many of the best qualified of the older age group, however, appear to be having gone on to the top job in companies, so fewer of the high fliers are represented in this group.

The findings also show how finance directors are becoming younger and increasingly mobile. Two-thirds of the sample 35 from the biggest companies had been recruited from outside the organisation and nearly a quarter of the same group were under 45.

Directors, generally, under the age of 50 were more likely to have more than one qualification, the report found.

Other findings included an increasing preparedness among companies to buy in foreign talent to strengthen their understanding of overseas markets.

The 1994 UK Board of Directors

Study costs \$99 and can be obtained by contacting Michael Brandon tel (0) 71 312 3100.

Research leads recovery

Advised demand for executives continues to show a steady upward trend, according to the latest quarterly survey by MSL International, the recruitment consultant.

The MSL Index of advised demand for executives, which, its compilers say, has unfailingly predicted the ups and downs of the British economy for more than three decades, has risen again in the second quarter of the year.

The index - a 12-month running total that irons out seasonal variances - now stands at 79 against the 1989 base figure of 100.

After hitting an all-time low in the second quarter of 1992 and languishing there to the middle of last year, the number of senior level appointments began to rise and the latest figures show a rise for the fourth consecutive quarter.

Ian Lloyd, MSL International's managing director, said: "The latest

figures tell us that the recovery is firmly established."

Recruiting has been particularly strong in research and development and in marketing and sales, both areas which reflect confidence in long term business prospects and investment for growth.

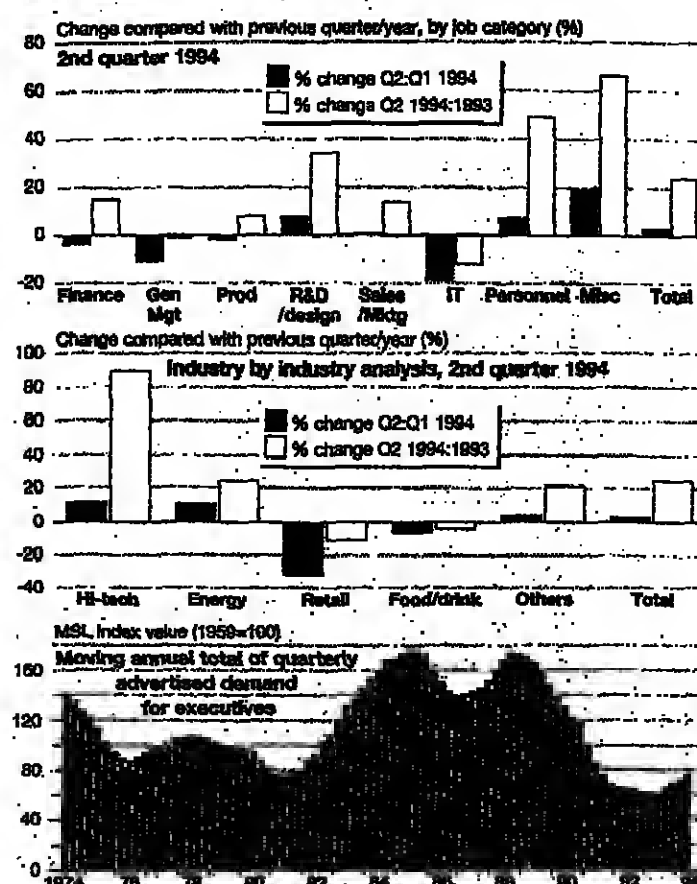
Activity in accounting and finance on a par with recruitment in marketing leads Lloyd to conclude that investment is being tempered with a greater degree of caution and control than in the 1980s.

Recruitment in high technology industries is showing the largest sectoral rise, increasing 12 per cent on the last quarter and 89 per cent over the same quarter in 1993, while advertised demand in the retail sector has fallen 32 per cent in the quarter and is down 11 per cent on a year ago.

The graphs on the right show the sector and industry changes and the movement in the index. This still has some way to go before it reflects executive recruitment levels throughout most of the 1980s.

Richard Donkin

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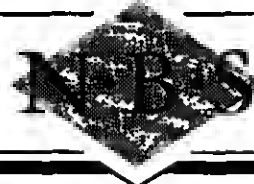
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Proven success is due to the emphasis on customer contact, focus and market visibility coupled with the autonomy afforded to each of the individual team members - giving them exposure to the broader range of capital market instruments and the opportunity to participate in new product development with leading securities houses.

By joining us, we are looking for a senior sales professional whose brief will encompass:

- ◆ Developing a worldwide client base through creative research, prospecting and confident response to opportunities and leads.
- ◆ Approaching selected new prospects.
- ◆ Liaising with Chase's business units in order to support the effective delivery of services.
- ◆ Helping to develop sales and relationship plans.

In addition to a good degree and at least ten years' sales experience in a similar environment, we will be looking for evidence of creativity and analytical skills, client focus, self motivation and management potential. Multi-lingual skills would be an added advantage.

The negotiable salary is supported by an attractive benefits package including car allowance, subsidised mortgage, non-contributory pension and performance related bonus.

Send your CV to the Resourcing Manager, Chase Manhattan Bank N.A., Woolgar House, Coleman Street, London, EC2P 2HD. Please quote reference DL-07/94/FT on both your application and envelope. Closing date 3 August 1994.

CHASE MANHATTAN.
PROFIT FROM THE EXPERIENCE.



Financial Risks

Rollins Hudig Hall is one of the world's largest insurance brokers and financial services consultants. RHH has a multi-billion dollar turnover and financial services growing Corporation, RHH has a global presence with over 10,000 staff operating out of 250 offices in 35 different countries.

In the UK the company is one of the fastest growing organisations in its field.

As part of our rapid expansion programme throughout the UK we are now recruiting professional staff to join our Financial Risks Group which is based out of London, Manchester and Birmingham.

We are keen to hear from quality candidates including Account Executives, Business Development Managers, Sales Executives, and others with experience in the insurance industry. RHH is a leading institution or from industry. If you are interested in joining us, however so too might be qualified to join our team of financial specialists, or others with relevant skills.

RHH is the largest insurance broking company on the European continent and the Financial Risks Group in the UK is taking an increasingly active role in developing business in France, Germany, Netherlands, Italy, Belgium and Scandinavian countries. It follows therefore that agency in other European languages would be significant and highly valued.

If you would like to talk to us about the future, please write and tell us what sort of role you would like and enclose a detailed CV.

RHH ROLLINS HUDIG HALL

Helen Conway, Director of Personnel,
Rollins Hudig Hall Limited,
Briarcliff House, Kingsmead, Farnborough, Hampshire GU14 7TE.

SENIOR CORPORATE BANKERS

CONTINENTAL EUROPE

LONDON. EXTENSIVE TRAVEL

- Leading UK-based international bank offering a broad range of banking products and services through a well-established global network. Marketing strategy focused on key multinationals with substantial trade and investment flows, especially in emerging markets.
- As a result of a new strategic initiative, a number of corporate relationship professionals are now needed to focus on a select group of major European multinationals.
- Each individual will have country responsibility for developing relationships. Territories will include Germany, France, Benelux, Italy, Switzerland and Scandinavia.

PACKAGE c.£80,000-£100,000 + BENEFITS

- Experienced international banker from a first class financial institution. Broad product knowledge. Strong record of developing business in Continental Europe, particularly in one of the specific countries where the Bank wishes to drive its strategy, or alternatively outstanding corporate relationship experience in the Far East.
- Highly motivated and results-orientated. Ability and stature to operate at the most senior levels. Likely to be a European national and/or fluent in at least one other European language.
- Future career prospects within the Bank are excellent.

Please apply in writing quoting Ref: 776 with full career and salary details to:
Mark Woodhouse
Whitehead Selection Limited
43 Welbeck Street, London W1M 7EF
Tel: 071 637 8736

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BECTON DICKINSON

Assistant Treasurer Europe Grenoble (France)

Becton Dickinson is a leading medical technology company that employs 3,900 people in Europe and 18,000 worldwide. The company manufactures and sells a broad range of medical supplies, devices and diagnostic systems for the health care industry, medical research institutions and retail. The European headquarters are based in Grenoble, in the foothills of the French Alps.

The Assistant Treasurer Europe will report directly to the European Treasurer providing specialist expertise in cash and currency exposure management, with emphasis on the optimisation of financial resourcing for all European subsidiaries.

Key responsibilities will include on a European basis the management of cash flows and related maximisation of opportunities in the foreign exchange and money markets, supporting operating

management in the funding of major investments and the further enhancement of cash management systems.

There will be a significant liaison with operating subsidiaries, financial management and the US Corporate International Treasury Department.

Candidates should be graduates, aged 30+ with a minimum of five years experience in an international treasury operation. The successful candidate will work with a small central team and must become a focal point for European financial management. Excellent communication skills and a definitive "hands-on" approach are essential for this role.

Interested applicants should forward a comprehensive curriculum vitae and current salary details to Florence Nony, Michael Page International, 3 boulevard Bineau 92594 Levallois-Perret, Cedex, France (quoting reference FN 10542).



Michael Page International

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney

Eurobond Sales

London

£ Excellent

Our client is a leading international banking group with an enviable reputation for excellence. A commitment to the development of its presence in the European fixed income markets has created an opportunity for a Eurobond specialist to join a successful and entrepreneurial sales desk.

The successful candidate will have a solid grounding in the European fixed income markets with at least 2 years Eurobond Sales experience. A proven track record in sales with an existing client base or the ability to develop one are essential. Fluency in another European language would be a distinct advantage.

This is an ideal opportunity for an individual who wishes to join an expanding team which is committed to sustainable growth.

The successful candidate is likely to demonstrate entrepreneurial flair and a high level of professionalism combined with a good level of market knowledge.

Interested candidates should phone Gavin Starling or Paul Wilson on 071 831 2000 or write to them enclosing a detailed curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH, quoting reference 195993. All applications will be treated in strictest confidence. Fax 071 405 9649.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney

Eurobond Trader

AUD\$/CAD\$

London

£ Excellent Package

Our client, a leading banking institution, is looking to strengthen its Bond Trading Team with the recruitment of an experienced and talented trader. The bank has a prominent position in the global market place, a very strong capital base and an excellent reputation.

The ideal candidate:

- Will display a minimum of 2-3 years bond trading experience and a proven track record in market making AUD or CAD Eurobonds.
- Should display knowledge of quantitative hedging techniques.

This is an excellent opportunity for a

highly motivated individual to join an expanding organisation which is committed to further growth and development.

The successful candidate will have full backing to develop a highly profitable and successful trading operation.

Salary will not be a limiting factor for the right individual. Interested candidates should call Gavin Starling or Paul Wilson on 071 831 2000 or write to them enclosing a detailed CV at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH, quoting 195996. All applications will be treated in the strictest confidence. Fax 071 405 9649.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney

Investment Positions

South Africa

Old Mutual employs one of the top investment teams in South Africa with £22.2 billion under management. Standards of excellence in research, dealing and portfolio management are important as is a culture of professionalism and high achievement.

Due to expansion, we currently seek accomplished Portfolio Managers and Analysts (equity, bond and derivatives) capable of demonstrating flair, originality of thought, high levels of commitment and professional ability, as well as a strong educational background.

A significant performance-based remuneration package will be negotiated with successful candidates.

Those interested should send a comprehensive Curriculum Vitae in strict confidence on telefax +27 11 783 0229 or c/o Cathy Dowsley, PO Box 1725, Parklands 2121, Republic of South Africa.



77005

Corporate Finance/M&A German/French Specialists To £60,000 + benefits

Our client, a leading investment bank, has an enviable deal flow and track record. Due to the continued increase in its cross border M&A activities it urgently needs both French and German transaction specialists.

You will be MBA qualified with an excellent academic background (2:1 minimum) and have 1-3 years deal experience in the French or German markets. An assertive team playing personality is a necessity.

The successful candidates will work closely with international clients and be involved in all aspects of transactions. Fluency in French and German in addition to English is essential.

Structured Finance - Talented Modellers £30,000 + banking benefits + bonus

Can you survive and flourish in a highly stimulating and constantly changing environment? Are you a superb financial modeller looking for a new challenge? If so, read on.

Our client, a leading US investment bank is looking for additions to its broadly based structured finance team.

You should be:

- Aged 23-29.
- Familiar with cash flow modelling and ideally bond mathematics.
- An enthusiastic team player.
- Well educated (2:1 or above) PhD ideal.

This opportunity presents long term career development in an environment devoted to excellence.

Please contact Jasna Harper or Christopher Squire on 0711 553 0073 (day) or 0711 622 4885 (evening & weekends). Or write to us at 16-18 New Bridge Street, London EC4V 6AL. Fax: 0711 353 3908

BADENOCH & CLARK
recruitment specialists

Project Manager Wholesale Finance

More than any other market, the City is characterised by rapid business change and technology development. Our client can claim a unique record in this market, building and delivering business solutions which are of mission critical significance to some of the world's largest financial institutions and which address technology and business issues of unparalleled complexity.

For project management professionals, these roles will prove both stimulating and demanding in equal measure. As the key customer interface on projects typically valued between £500K - £10m, you will be under considerable pressure to control and co-ordinate wide ranging project activities to ensure that workable, fully integrated solutions are delivered on time and to budget.

Your broad understanding of hardware and software platforms, databases, communication technologies and supplier management should therefore be complemented by a proven ability to manage substantial project resources and high level user relationships. You must be able to demonstrate a track record in the delivery of large scale IT projects, either within a major City organisation or for a solutions provider specialising in the wholesale finance market.

You'll be joining a company with a creative and energetic culture where flexibility, adaptability and open communication are key requirements. Future prospects for the business and its people are exceptional.

To apply, please forward your CV quoting ref. MD3800 to Steve O'Brien at Macmillan Davies, Salisbury House, Bluecoats, Hertford, Herts SG14 1PU. Tel: 0992 552552. Fax: 0992 505301.

City/M3

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Treasury Desk Consultant

Exchange Consulting Group is an established name in City recruitment. We offer our clients a multi-disciplined service including Advertised Assignments, Contingency Recruitment, Selection Assignments and Retained Partnership Agreements. Due to expansion of our business we seek an additional Consultant to join our "Treasury Desk" which is responsible for the recruitment of dealers and salespeople in FX, Money Markets and Derivative Products. An initial business base is available to be developed by the new incumbent.

Candidates are likely to have a minimum of 2 years' experience as a City recruitment consultant (in any product area) or may be graduates who have joined a bank or broker as a trainee in FX, Money Markets or Derivatives and now wish to change career direction. This career opportunity is likely to appeal to those who wish to work in a meritocratic environment requiring a mixture of interpersonal skills and commercial aptitude.

The ability to work as part of a team whilst managing your own business portfolio is essential.

Please contact Trish Collins or Veronica McPake on the number below to discuss this opportunity in detail. This is a salaried position which also carries a performance related bonus.

EXCHANGE
Consulting Group

Exchange Consulting Group, 13 St Swithin's Lane, London EC4N 8AL
Telephone: 071 929 2383. Fax 071 929 2805.

ASSISTANT INVESTMENT MANAGER

Based in the City

London & Edinburgh

A part of the giant IIT Corporation and with origins dating back to 1894, IIT London & Edinburgh enjoys an enviable reputation within the UK insurance market, benefiting from the support and security of its parents.

An opportunity has arisen for an experienced individual to assist in the overall management of the Group's assets. Reporting to the Investment Director, you will be primarily involved in the management of a mainly sterling bond/cash portfolio with a collective value of over £1 billion, having specific responsibility for some funds within this. You will also assist with the management and continued development of investment systems. In helping to ensure that investment income objectives are met, you will be responsible for furthering the quality of management information and providing accurate and up to date performance measures.

Degree-qualified in a mathematical/science related discipline, you should ideally combine two to three years experience of investment markets (notably bond markets) with a high level of numeracy and excellent financial judgment, plus experience of mathematical modelling and programming. You will now be looking to broaden your career potential in a high profile role within a major financial environment.

In return for your experience and abilities, you can expect an excellent salary package together with a comprehensive range of financial company benefits.

Initially please write, enclosing your full CV to: Jacinta Gillies, IIT London & Edinburgh, The Warren, Worthing, West Sussex BN14 9GB. We are an Equal Opportunities Employer.

Assistant Director – Marketing Bond Division

Competitive salary + benefits

We have an opportunity for someone in their early/mid 30s who can demonstrate a sound record of work on medium term debt transactions and syndicated loans at an international bank.

This is a senior appointment and it is unlikely that anyone with less than 5 years' experience in a bank which has been prominent in these markets will have the qualities sought. The ability and a strong desire to market a range of the Bank's related products are essential.

After about 18 months, it is expected that the further development of this business will be from the US and a transfer to New York at that time should, therefore, be anticipated.

A competitive salary and a full range of benefits will be provided commensurate with experience.

Please write, enclosing a detailed CV and indicating your current remuneration package, to: Mr Adrian Bell, Vice Chairman, Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA.



HAMBROS BANK LIMITED

OPPORTUNITIES IN INVESTMENT RESEARCH

Prudential Portfolio Managers Ltd., the largest investor in the UK, and the investment subsidiary of the Prudential Corporation, has positions available for graduates with experience within its research area.

Company Research Analysts

Two opportunities exist within our UK equity research team, whose function is to provide accurate and objective information that guides our investment decisions. Your challenge will be to provide in depth understanding and analysis of your assigned sectors, formulating views on industry prospects and share price valuations. The role then entails communicating recommendations verbally and in writing, to the UK fund managers. Our analysts are based upon original research involving direct contact with industry and its management.

You may either be a graduate currently, or have the relevant industrial experience and analytical background to fulfil one of the following roles:

Chemical and Oil Analyst

Property and Building & Construction Analyst

A clear, enquiring mind, team orientation, communication skills and the ability to act on your own initiative will be essential for all positions.

We offer a high competitive salary to reflect your experience plus financial sector benefits.

Please send your full CV and a covering letter to Anne Taylor, Personnel Department, Prudential Portfolio Managers Ltd., 15 Abchurch Lane, London EC4N 3NM.



APPOINTMENTS ADVERTISING
appears in the UK edition
every Wednesday & Thursday
and in the International edition every Friday
For further information
please call:
Gareth Jones on
071 873 3779

PROJECT FINANCE ADVISORY

£ Excellent Package

City Based

Our client, one of the world's largest and most prestigious international banks, is a leading provider of project financing and advisory services to sovereign, institutional and corporate clients worldwide.

To enhance its extensive project finance capabilities our client is now seeking a project financier with a proven track record in this area.

The successful candidate will possess the following skills and qualities:

- a minimum of 2/3 years relevant project finance experience gained with a leading player;
- graduate level education, aged 25-35;
- in-depth analytical and financial modelling skills;
- enthusiasm with the ability to make a positive impact on the team and with clients.

If you have the necessary skills and experience and are willing to meet the challenges of this role, please call or write to RICHARD LYONS or SEAN CARR. All applications will be treated in the strictest confidence.

Carr Lyons Search and Selection Ltd
Astral House, 125-129 Middlesex Street
London E1 7JF
Tel: 071-623 9493 Fax: 071-626 1263

Williams Wingfield
Executive

Carr-Lyons Search & Selection Limited trading as Williams Wingfield Executive

Prestigious French-owned International Bank

2 Capital/Money Market Analysts

Paris-based

One of the most prestigious French-owned international banks, with a major presence in the global Bond and Money Markets and an active market-driven research unit requires the following:

International Money/Bond Analyst

To analyse developments within European Money and Government Bond Markets, in collaboration with analysts in the bank's European network, covering DEM, FRF, ECU, BEF, DKK, SEK & ITL. To formulate and disseminate a strategic view internally and externally. To cover Central Bank policy, inter-market spreads, impact of currency movements and economic data on rates etc. To contribute to regular bulletins and ad hoc commentaries.

Candidates, aged early 20's to mid 30's, with a good quantitative first degree, ideally a second degree and a minimum 18 months prior experience, should be sound on economic/financial theory and its applications. They should also be comfortable with the use of PC's and modelling and, preferably, have prior experience of the dealing room environment. A level of spoken French, which will quickly become serviceable, is a prerequisite.

These positions offer excellent career prospects for ambitious young professionals seeking to move to the hub of a major international institution. They also offer a competitive remuneration package, within a congenial working environment.

Interested candidates should contact Andrew Stewart, at BEM Selection, on 071 248 3653 or write sending a detailed CV to the address below. All applications treated in the strictest confidence.

76, Watling Street,
London EC4M 9BJ



Tel: 071-248 3653
Fax: 071-248 2814

Bond Analyst: Trading Strategies

To identify and monitor short term trading ideas within the European Bond Markets, in collaboration with the Paris sales, trading and research teams.

To formulate yield curve and inter-market spread strategies, in liaison with proprietary traders, market-makers and salespeople based in Paris and throughout the European network. To communicate these strategies to the various European sales/trading teams.

HEAD OF DERIVATIVES OPERATIONS

Major International Bank

Salary Fully Negotiable

Harrison Willis City has been retained to work exclusively on behalf of one of the world's leading financial institutions to help them locate a suitably experienced individual to take responsibility for their derivative operations group. This is a new position which has arisen to help ensure the successful implementation of an ambitious expansion plan.

The successful applicant will assume full responsibility for the day to day running of the organisation's structured derivative products operations in London which cover sophisticated OTC products. You will also be responsible for the development and implementation of a cohesive risk management system.

It is envisaged that the successful candidate will presently be employed at a similar level within a major bank or securities operation and have at least five years relevant experience. An innovative approach coupled with excellent communication and presentation skills are essential. This hybrid role will also require you to support other trading groups including Fixed Income, Emerging Markets, Currencies and Commodities.

This is an excellent opportunity for an experienced individual to join a dynamic and forward thinking Bank that has seen rapid growth over a short space of time.

If you feel that you have the ambition and commitment to take up this unique and exciting opportunity, please send a detailed Curriculum Vitae to Colin Jones at Cardinal House, 39-40 Albemarle Street, London W1X 3FD. (Fax: 071-491 47053)

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INDONESIA EQUITY SALES

W.I. Carr, the leading international stockbroking house specialising in Asian Equities is looking for a motivated individual to join its London team to specialise in Indonesian equity sales.

Candidates should have an established track record selling Asian equities into a European client base, as well as a good knowledge and understanding of Indonesia's financial markets, economy and culture.

Remuneration will be attractive and competitive.

Please send your CV to:

Tricia Narang
Administration Manager

W.I. Carr (Far East)
122 Leadenhall Street
London EC4V 4QH

W.I. CARR
Bangkok Indonesia Group



Coopers & Lybrand



Coopers and Lybrand invites applications for the position of Executive Director of a newly established bank based in a Caribbean off shore financial center under a three year contract. Salary and benefits are negotiable depending on the candidate's qualifications.

- Qualifications:**
- MBA (or equivalent) from an internationally recognized University
 - A minimum of 8 years exp. in international banking and finance
 - Strong management background.

Responsibilities include:

- Directing, supervising and coordinating the activities of the bank in:
- Providing banking and investment services to international clients;
- Marketing, advertising and public relations;
- Financial management;
- Personnel management;
- Establishing and maintaining relationships with correspondent banks.

Candidates are invited to submit resume to:
Coopers & Lybrand
Gregory Building, Nevis St.
St. John's Antigua, West Indies
Fax: 809 462-3465

The Top Opportunities Section

appears every Wednesday. For advertising information call:
Philip Wrigley
071 873 3351

PRIVATE CLIENT INVESTMENT MANAGER

Birmingham

Shakespeares are seeking to recruit an experienced fund manager (minimum 5 years experience), to take responsibility for the management and development of their Investment Management Department, established 1988 (over £30m under management), reporting directly to the partners.

The ideal candidate will be a member of the Securities Institute and familiar with the ethics of law firms. Investment skills and the ability to develop a business will be required.

Please send your CV, to:
N.J. Greenbrook, Shakespeares,
10 Beckett Hill,
Birmingham B2 5RS.

Shakespeares
SOLICITORS

FUTURES DESK DEALER

An International Bank is seeking an experienced futures dealer to complement their expanding Treasury area.

The successful candidate should possess 3-4 years trading experience in German Bonds and Gilts in a leading international Bank.

Competitive remuneration with excellent opportunity for career progression.

Interested and suitably qualified candidates are invited to send their CVs by August 4th 1994, to Box A2115, Financial Times, One Southwark Bridge, London SE1 9HL.

FT/LES ECHOS

Director - European Equity Sales

London Based

A leading European financial institution with offices in the major European financial centres seeks to appoint a Director-Sales for

its fully fledged London-based investment banking operation which is presently active in the European privatisation programme.

The position has arisen as a result of an internal promotion. The firm is looking for someone who is capable of generating significant commission whilst managing a committed sales team. In addition, in the longer term the firm would expect the successful candidate to be able to provide significant strategic input into the direction and future growth of the firm.

Candidates should possess a minimum of 5 years' experience with a major institution and a proven record of achievement in cross-border equity sales and servicing of key UK institutional investors.

Specific experience of the larger Continental European markets would be an advantage, as would knowledge of other European

languages. Above all, candidates must have excellent communication and presentation skills and be able to establish a high level of credibility with clients, peers and subordinates.

The company offers an excellent compensation and benefits package, including significant bonus potential, plus the opportunity to work in a non-bureaucratic dynamic team environment.

Please respond by fax or letter, including full CV and salary details, to Michael Phillips at:

Richmond Selection, Garrard House, 31-35 Gresham Street, London, EC2 7DN, England. Tel: +44 71 796 4234 Fax: +44 71 796 4235

RICHMOND
selection

Fixed Interest Sales-UK Bond Division

London

Competitive salary + benefits

Hambros Bank is expanding its Domestic Sterling Fixed Interest business and is seeking a Salesperson to join its small, professional team. The product is Non-Gilts Fixed Interest issues to sell to UK institutional investors.

The successful applicant will be a graduate/MBA with 3-5 years' directly relevant experience. A

persuasive communicator, who is able to think laterally, you will have good numerical and analytical skills. Opportunities for career progression are excellent.

Please write, enclosing your CV and details of your current remuneration package, to: Charles Arbutnot, Director, Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA.

HAMBROS BANK LIMITED

FLEMINGS

FLEMING PRIVATE ASSET MANAGEMENT

The company is a wholly owned subsidiary of Flemings and looks after the private client interests of the Group in the UK by providing a comprehensive range of investment services to individuals, trustees and private charities. Due to our business expanding rapidly, we wish to recruit the following:

Investment Manager to look after discretionary High Net Worth clients. The ideal candidate will be a graduate with at least five years' experience of managing similar clients. Candidates must have a sound knowledge of international markets and excellent communication skills.

Research Analyst to join select team which supports the investment managers. Candidates must be graduates with at least two years' experience of analysing UK companies and should have strong communication skills.

Assistant Investment Manager to support existing team. Candidates should have at least two years' experience of private client investment management.

Competitive salaries will be negotiated and a first class package of benefits will be provided.

Please write, enclosing a full CV and details of current remuneration to:

Ann Marfy,
Personnel Officer,
ROBERT FLEMING & CO. LIMITED,
25 Coptall Avenue, London, EC2R 7DR.

Investment Analysts

Kleinwort Benson Securities is a major UK securities house with highly regarded research which is distributed internationally to institutional clients.

Composite Insurance Companies

We are looking for a qualified actuary, probably aged 27-32, with several years' experience of working in the general insurance field. Excellent analytical skills are required together with strong written and oral communication abilities and a high degree of ambition to be a top-rated analyst.

For an initial discussion in confidence, please contact Roger Harvey E.L.A. on 071 956 8096

Food Retailing

As a well qualified graduate, MBA or ACA you are likely to be aged around 25-30 with a thorough understanding of retailing. This could have been gained within the industry, for example through strategic planning or business development, as an analyst or through corporate advisory work. Strong analytical, written and communication skills are essential as is the desire to produce research which will become recognised.

For an initial discussion in confidence please contact Geoffrey Carr on 071 956 6565.

Or if you prefer, please write enclosing a comprehensive CV to:

Ms Carol Partington, Personnel Department,
Kleinwort Benson Securities Limited, PO Box 560,
20 Fenchurch Street, London EC3P 3DB.

**Kleinwort Benson
Securities Limited**

INTERNATIONAL BANKING SPECIALISTS

A major international bank is seeking specialists with around 2 years' relevant experience to expand its Eastern European and South African investment banking teams.

Eastern European Banking Specialists

You should ideally be an ethnic Eastern European with a recognised business degree and some experience of investment banking in the West. Business fluency in English is essential together with at least one of the following languages - Czech, Polish, Russian, German. Ref:524

South African Corporate Finance Professional

We are seeking someone with in-depth knowledge of the South African business environment to handle a rapidly growing corporate finance portfolio. Fluent in Afrikaans, you will need an Accounting qualification or MBA and ideally a knowledge of the law. Ref:525

If you think you match the criteria, please write with a full CV, quoting the appropriate reference, to: Alexander Lyon, Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BL.

Applications will only be sent to this client but please indicate any company to which your details should not be forwarded.

ASSOCIATES IN ADVERTISING



I. D. E. A.

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BOND STRATEGIST

I.D.E.A. the premier on line analytical service seeks a senior Bond Strategist to join its global research team in London. The ideal candidate should have experience in an analytical and/or trading role in the credit markets and is comfortable with working in a fast paced environment. Responsibilities include writing and coordinating credit market commentary in conjunction with our team of analysts/economists, contributing to the formulation of IDEA medium and longer term forecasts and enhancing the development of IDEA products to the fixed income and credit markets. Widespread client and media coverage are also encompassed within the position.

In exchange a competitive package is offered. Please forward your CV to Mike Gallagher at IDEA Ltd, Lincoln House, 296 High Holborn, London, WC1V 7JH or phone 071 430 2888

HEAD OF DEVELOPMENT OFFICE

The Development Office is a central part of the National Gallery, raising private money in support of all the Gallery's activities, including exhibitions, building projects, picture purchase and staff costs. It seeks donations from companies, individuals and trusts, and runs schemes for corporate and individual benefactors. It handles the Gallery's programme of events.

The Head of the Office will play a creative role within the Gallery and in cultivating donors. The role requires flair, imagination, and energy; sympathy with the Gallery's objectives; an ability to work with a wide range of people; and good management skills. Fundraising experience and familiarity with business and the arts are essential.

Salary could start, for the right person, around £40,000 a year, with pension on top. The appointment will be initially for 3 years, with the possibility of extension. For further details and an application form, to be returned by 30 August, please contact Carol Hall, The National Gallery, London WC2N 6DN (telephone: 071-589-1712).

The National Gallery is an Equal Opportunities Employer.

**NATIONAL
GALLERY**

PRIVATE CLIENT RELATIONSHIP MANAGER

Greek Market

London

Exceptional package

The Citibank Private Bank is one of the world's largest and most reputable, offering its clients the full resource of an unparalleled global network.

To apply,
please write with
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Joanne Noble,
Senior Personnel
Officer,
Citibank Private
Banking Group,
41 Bury Square,
London WC2R 8NA.

We now seek a highly motivated Greek specialist to head a professional team based in London providing advice and support to financially sophisticated Greek clients. The objective: to build profit through building effective relationships. The method: there is considerable autonomy to develop and implement your own strategies for success.

Aged between 28 - 36, you will speak fluent Greek, and have a reasonable grasp of English. While you may not have a background in private banking, you will have a sound knowledge of banking products, proven marketing skills and the ability to communicate effectively. Success will also depend on high levels of self-motivation and integrity.

This is a rare opportunity which demands the skills of an exceptional individual. Consequently, the rewards are high - a generous basic salary will be complemented by a significant performance-related bonus and full banking benefits.

THE CITIBANK PRIVATE BANK

CITIBANK

We are an equal opportunities employer

Head of Asset & Liability Management

£65,000 + Benefits + Car

Central London

Abbey National is one of the most innovative companies in the highly competitive financial services sector, pioneering a number of fixed interest rate products.

Our Group Risk department is the focus for risk policy creation across the Company. It is pivotal to the successful management of the Group's interest rate exposures arising on shareholders' capital and the fixed mortgage portfolio, and provides advice and direction on interest risks in the balance sheets of the Company's growing European subsidiaries.

As Head of Asset & Liability Management, you will have responsibility for developing the policy and operational frameworks necessary for the control of interest rate and liquidity risk across the Group.

This will involve working with the Market Planning function and Abbey National Treasury Services in funding structures and prepayment hedging; identifying opportunities for product development; devising risk reports for the Board; and developing risk management software and off-the-shelf models to measure and manage risk. To assist you in these tasks, you will have the support of your own team of risk professionals who will be the focus for risk expertise and advice within the organisation.

For this demanding, high profile role, you will need at least four years' asset and liability experience gained within a major banking operation. This will have given you an extensive understanding of risk management techniques (including risk modelling) and their practical application, together with a thorough knowledge of the derivative markets and interest rate and liquidity risk management. An accomplished communicator, it is essential that you also possess proven team leadership skills.

The attractive salary will reflect experience and ability and will be supported by a full range of financial sector benefits including profit share scheme and car. To support a healthy work environment, Abbey National, has a no smoking policy.

Please write with full CV to Anne-Marie Nield, Personnel Department, Abbey National Plc, Abbey House, Baker Street, London NW1 6XL.

In pursuing our policy of equality of opportunity for all, Abbey National positively welcomes applications from every section of the community.



Promoting Success Through Equality

CAPITAL MARKETS DOCUMENTATION £35 - £50,000 (according to experience)

Our client is a leading investment bank with an outstanding reputation for servicing UK and European activities in a wide range of swaps and derivative products. Ideally legally qualified, aged to 35yrs, with good academic qualifications, you will have 3-5 years experience of completing and negotiating documentation in support of a highly professional sales & trading team. You will probably be currently working in a major bank earning not less than £30,000 base salary, bonus and benefits.

If you are interested in this position, please write, enclosing your cv, to...
Helen Hight, Senior Consultant

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN EXECUTIVE

FX AUSTRALIAN DOLLAR DEALER

Citibank provides a comprehensive range of financial products and services to corporate, institutional and individual customers globally.

Our Foreign Exchange team, based in London, is recognised to be one of the world leaders, dealing across 136 currencies.

We now seek an Australian Dollar Dealer to develop our presence in the interbank market. Key responsibilities of the role will be to provide competitive pricing to our customer base and liaise closely with the Citibank Global Network of market makers.

The ideal candidate must be a graduate with approximately five years experience of trading the Australian Dollar. People management experience is desirable.

CITIBANK

We are an equal opportunities employer

Strategic Quantitative Analyst City Excellent salary + banking benefits

Our client is the global investment advisory and fund management business of one of the world's largest banking and financial services organisations. With offices in the world's key financial centres, it currently manages over US\$30 billion of assets for a wide range of both institutional and retail clients.

They now wish to recruit a Strategic Quantitative Analyst to assume a senior role within their Tactical Asset Allocation/Derivatives unit. Your role will encompass responsibility for the development and updating of the Equity Market Index and Fixed Income valuation models based upon quantitative techniques.

You must have proven experience in using quantitative techniques, combined with a macro economic skill set. Excellent communication skills are essential for the role, due to the high degree of customer contact and the integral nature of the function within the investment process.

Our client will offer an excellent salary and benefits package associated with a world leading financial organisation.

Please apply in writing, enclosing a full curriculum vitae and quoting reference 039A, to the Response Manager, Bankers Response & Assessment, 30 Farringdon Street, London EC4A 4EA.

Your cv will be forwarded to this client only. Please indicate any company to which your details should not be sent.

LONDON TEL: 071-364 0675
BIRMINGHAM
NOTTINGHAM - MANCHESTER
GLASGOW - EDINBURGH

**BANKERS
RESPONSE & ASSESSMENT**

RECRUITMENT ADVERTISING
RESPONSE HANDLING
CANDIDATE ASSESSMENT
GRADUATE RECRUITMENT
EMPLOYEE COMMUNICATIONS

SPOT F.X.

We are seeking experienced foreign exchange dealers on behalf of a respected European bank to take strategic positions on a proprietary basis. Candidates aged 25-35 will have spent at least 4 years at an active bank with a consistent record of profitability.

CORPORATE F.X.

Positions are available on expanding sales desks of leading banks in London for dealers with ability to develop & maintain relationships with fund managers and financial institutions. Graduates with at least 3 years experience in a similar capacity with excellent pricing & advisory skills will be shown preference.

CURRENCY OPTIONS

Major international bank seeks a self-motivated dealer to enhance its marketing/trading capability in F.X. Options. The incumbent will have established good relationships with professional counterparties within the Derivatives market. Graduates with around 3 years OTC experience are preferred. Good working knowledge of spreadsheets will be necessary.

OFF-BALANCE SHEET

Expanding British bank requires a senior dealer to take strategic positions on a proprietary basis in the Interest Rate Risk area. Insurance ranges will include FRA's, Swaps, Futures & Options in major currencies. A stable career record with a recognised market player is prerequisite.

FOREX Selection

Financial Recruitment

Please call Anthony Ibbot on

write in confidence quoting

ref. A1021

Tel: 071-369 0369

30 Coptall Avenue,
London EC3V 3PQ

EMERGING MARKETS ADMINISTRATION MANAGER

City

Baring Asset Management is a respected participant in the global investment market, renowned for the highest standards of service and a policy of pragmatic diversification, perhaps the most crucial elements of which are the emerging markets.

We are currently seeking an Emerging Markets Administration Manager to join us and provide an investigative reporting and assessment service on all administrative aspects of investment in these markets to all BAM companies. This calls for someone with a thorough understanding of investment management, global settlements and markets, who is able to report on operational requirements and provide sound guidance for the decision making processes. The heart of the brief is to maximise efficiency and minimise risk by the provision of accurate and timely information. Highly developed judgmental skills, a high degree of literacy and the ability to debate and influence at all levels are therefore essential, as is the consummate professionalism needed to earn the respect and trust for this newly created role.

This therefore represents an opportunity for a person with considerable talent and confidence who is able to absorb and interpret information quickly, and to maintain an overview of global proportions whilst being able to focus on specifics such as locale, trends, external influences and the enormous variety of factors affecting fledgling areas. It also commands a salary and benefits package commensurate with a role that offers the chance to have a real and tangible impact on a crucial area of BAM's development.

In the first instance, please write with a full CV explaining why you feel you match the specification to: Peter Phillips, Chief Executive, Rada Recruitment Communications Ltd, 195 Euston Road, London NW1 2BN. Closing date for applications: 1st August 1994.

BARING
ASSET MANAGEMENT

Opportunities at Deutsche Bank

You have 4 years' professional experience in developing complex EDP applications in investment banking, treasury or MIS. You are familiar with the quantitative analysis methods in the financial world (securities analysis, statistics) and with the leading products in the money and capital markets. You have experience in data and function modelling and are already acquainted with a UNIX systems platform. You would like to participate in the development of forward-looking information and control systems in the financial sector.

If you feel this description fits you, are highly motivated, have a good command of English and are able to work independently as well as in a team, you could be our new Systems Developer in our Organisation and Operations Division at Head Office near Frankfurt. Our Investment Banking Systems division develops, among other things, comprehensive risk and treasury information systems. This system is based on an "open" systems platform and uses the latest methods and tools.

Systems Developer Risk Management

As Germany's largest private bank and one of the world's leading international financial institutions, we can offer you more than you may think. For example, a varied and interesting range of personal training opportunities on and off the job and attractive professional advancement prospects. In addition, we offer a performance-related salary with a competitive

benefits package. Please send your application along with certificates, references and your desired salary to: Frau Cornelia E. Hulla, Deutsche Bank AG, Personal (Zentrale), Alfred-Herrhausen-Allee 10, D-65755 Eschborn.

Let's talk about it.

Deutsche Bank

GEOLOGIST, COMPUTER SERVICES

BHP, one of the largest and most successful natural resource companies in the world, needs a computer support/GIS person with a geology background for our Exploration office in London.

The successful candidate will be responsible for conducting training and providing support for geological computer software, coordinating system use and database building among overseas locations, monitoring developments of geological surveys and international agencies and advising management on computer applications, policy and purchases.

Proficiency with DOS, Windows and UNIX/IRIX for configuring, tuning and maintaining systems operation is required. Talent for working with plotters, scanners, digitizers and experience with Techbase, AutoCad and ARC products is desirable.

Applicants should have university level education in geology or a related discipline, preferably with some practical field experience in minerals and an understanding of maps. Formal training or acquired mastery of cartography and geography is required.

No phone calls please.

Apply to: Gonzalo Bravo
BHP Minerals International Exploration Inc.
Brook House, 229 Shepherds Bush Road
London W6 7AN, England
FAX No: 44-81-563-0427

BHP

UK/EUROPEAN EQUITY SALES

DYNAMIC US HOUSE

Are you energetic, focused and reward driven? If so, our client, a dynamic and long established US brokerage house will provide you with the challenges you need.

Selling UK/Euro equities to your client base, you will be aged 27 or more with at least 5 years' experience.

State-of-the-art trading technology and impressive global coverage will enable you to maximise your earning potential.

TOP FIVE GLOBAL BROKERAGE

We have been retained to recruit a talented UK/European equity salesperson who is currently selling to UK institutional clients.

Supported by excellent sectoral research and strong primary business, you will be aged between 28-45 with at least three years' experience selling to UK institutions.

Your drive, commitment and team skills will be highly rewarded.

Telephone Chrys Lytras or send/fax your CV in confidence:

Thomas Cole Kinder Ltd,
1st floor, 43/44 Albemarle Street, London W1X 3FE.
Tel: (071) 355-1575 Fax: (071) 355-1574



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Executive Search and Management Consultants

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appears in the UK edition every Wednesday & Thursday and in the international edition every Friday
For further information please call:

Gareth Jones on
071 553 3779
Andrew Shapcott on
071 553 4854

OPPORTUNITIES IN FRANKFURT

Frankfurt remains one of the world's leading and most visible financial centres. We are retained by several leading global investment banks/securities houses who wish to employ new staff to sustain their current expansion. A significant number of vacancies exist, from junior through to director levels in the following areas:

FIXED INCOME TRADING & SALES

To DM250,000
A number of our clients seek experienced Fixed Income Traders and Salespeople, to join their expanding operations in Frankfurt. You must demonstrate at least 3 years active experience, proven sales (with appropriate client lists) and trading skills along with excellent interpersonal skills. Ref: TM322.

SWAPS AND OPTIONS PROFESSIONALS

To DM250,000
We have a number of global investment banks who are currently expanding their operations in Germany and seek experienced Swaps and Options Traders and Marketers. You should possess a minimum of 3 years experience in either Interest Rate, Currency, Commodity or Bond derivative products. Ref: TM323.

EQUITY AND EQUITY DERIVATIVE SALES

DM80 - 200,000
In order to facilitate their planned expansion in Germany, a number of our clients, all major financial institutions, seek experienced equity and equity derivative salespeople. You will be able to demonstrate an impressive track record of developing profitable client relationships as well as the ability to attract new clients. Those candidates covering the UK, Continental Europe and South East Asia would be of particular interest. Ref: TM321.

TREASURY MANAGEMENT

DM120 - 160,000 + Benefits
Two roles have been identified at divisional level, the first involves development of the off balance sheet function including FRA, Bonds and Swaps and running a team of seven staff. You will also develop a Risk Management Strategy. The second role will support the first. Ref: JA106.

PRODUCT CONTROL/TRADE SUPPORT

DM95 - 125,000 + Benefits
AAA rated global investment bank has several opportunities for experienced accountants who can demonstrate prior knowledge of either fixed income, equities or commodities gained within public practice or investment banking. The work combines P&L reporting with risk analysis. Ref: JA109.

INTERNAL AUDIT/POLICY CONTROL

DM80 - 120,000
Expanding division of a prestigious US House requires five qualified individuals at various levels to develop reporting structures for the capital markets and internal accounting divisions. Excellent training is provided. Ref: JA121.

Applications are invited from both German nationals and EEC citizens seeking permanent careers in Frankfurt. Fluency in German is useful though not essential. Excellent prospects exist and salaries will be competitive. To discuss these career opportunities please contact Jonathan Ashbury (evenings & weekends 071-702 9672) or Tony Marshall (evenings & weekends 0708 733007) on 071-629 4463 quoting the appropriate reference number.

**HARRISON
WILLIS**
FINANCIAL RECRUITMENT
CONSULTANTS

AMSTERDAM Dutch Equity Sales

Our client has a long established name in the Dutch market with an excellent reputation for equity research. As an integrated part of a major international securities house they now seek a high calibre individual to further develop their sales of Dutch equities.

The role will involve joining a successful sales team based in Amsterdam whilst liaising closely with the general European team in London. The task will be to provide a direct service on the Dutch market and increase sales with UK based institutions.

Candidates should be in their late 20s or early 30s with at least three years institutional equity sales experience, possibly gained as a European equity generalist but ideally as a Dutch specialist. Knowledge of the Dutch language will be an advantage but is less important than demonstrable sales ability.

For an initial discussion in confidence please contact us quoting reference 4967 at 20 Cousin Lane, London, EC4R 3TE. Telephone 071 236 7307, or Fax 071 489 1130.

**STEPHENS
SELECTION**

A STEPHENS GROUP CONSULTANCY
London Edinburgh New York Hong Kong

PYRFORD INTERNATIONAL PLC Worldwide Investment Managers

Career Opportunity - Equity Potential

We are looking for a special person - someone with the ability to effectively communicate Pyrford's investment process and strategy to an audience of clients, potential clients and investment consultants. Applicants may presently be employed in an investment management company, a firm of consulting actuaries or related discipline. Prior marketing experience is not essential but commitment to success is.

It is essential that the successful applicant have the ability to perform within a small, committed team and require minimal supervision. The role can be tailored to meet the individual's special talents and ambitions and provides a platform for a solid career path amongst a dynamic group of people. Remuneration will be sufficient to attract the right person. An equity incentive is also offered.

THE COMPANY

Pyrford is an independent, small and growing global investment manager specialising in the pension fund area. Employing 27 people in total, the company has five worldwide locations and operates an integrated investment management service with a distinctive product.

Please write with full CV and daytime telephone number to:

Bruce L Campbell, Group Chief Executive
Pyrford International Plc, 79 Grosvenor Street, London, England W1X 9DB

Economic Development Agency

Whilst the City Council is looking ahead with confidence to achieving Unitary Authority Status in 1996, it has nevertheless decided that a restructuring in advance is necessary to meet its existing ambitious aims and objectives to confirm Hull as England's Northern Euro-Port and to enhance its status as a leading local authority and Regional Centre.

The Economic Development Agency has been created as part of a new initiative in the Council to promote and develop both existing and new business opportunities for the City and is looking to appoint an innovative and entrepreneurial Head of this newly created Agency.

Head of Economic Development Agency

£34,305 - £37,737 EDA 1
The Head of the Economic Development Agency will be responsible for effectively managing the Agency in order to boost Hull's economy and development.

You will also be responsible for:

- Creating and monitoring new business opportunity policies, strategies and plans;
- Liaising with existing and potential clients and outside bodies;
- Providing information, advice and consultancy services on economic development matters.

You must have:

- A minimum of 5 years economic development experience at senior level with a successful track record of achievement.
- Substantial committee experience.
- A final relevant degree, diploma or professional final qualification by examination.
- Substantial experience of working with the private sector.
- Excellent communication, analytical and negotiating skills.
- Strong leadership and team building skills.
- The ability to anticipate change and be sensitive to new ideas and trends.

The ability to speak at least one other Euro-Union language is desirable.

A generous relocation package of up to £6,243 plus full removal expenses to this relatively inexpensive part of the Country are available.

The post also offers a subsidised lease car or interest free car loan.



An Equal Opportunity Employer



Application forms and further details are available from the Director of Human Resources, Municipal Offices, Tripartite Street, George Street, Hull, HU2 8AA, telephone (0482) 595267 (24 hour answering service) to whom they should be returned by Friday, 26 August 1994.

European and Indian Sub-Continent Capital Markets Competitive Package

Our client, a leading independent UK securities house is expanding its European and Emerging markets (Africa and Indian Sub-Continent) Capital Markets team in London.

The new incumbent will join a truly international team advising clients across the world. They are seeking someone with experience covering both the European and the African and Indian sub-continent to complement their existing team.

The successful candidate will:-

- Have prior experience of international banking and corporate finance
- Have a good knowledge of Europe, Africa and the Indian sub-continent having lived or worked in these areas
- Be a UK qualified ACA (first time passes) aged 26 to 28
- Have a Masters degree with an international and management focus (21 minimum)
- Be highly computer literate
- Speak at least 3 European languages

The position offers excellent opportunities for career development and impressive rewards.

Please contact Richard Pooley or Zoe Ida on (071) 583 0073 (day) or (071) 585 0187 (evenings & weekends). Or write to us at 16-18 New Bridge Street, London EC4V 6AU. Fax: (071) 353 3908

BADENOCH & CLARK
recruitment specialists

Junior Fixed Income Fund Manager

London c.£30,000 + benefits

Our client is a powerful, global investment manager with offices in the world's key financial centres. It currently manages over US\$30 billion of funds for a wide range of both institutional and retail clients. With the polarisation of the fund management industry between global providers and small niche players, they are uniquely positioned as a multi-market, multi-product business able to deliver tailored investment solutions.

Due to the ongoing development of the business, they now need to recruit a Junior Fixed Income Fund Manager. Your role will entail: research and analysis in European bond markets; the day-to-day management (initially under supervision) of a number of multi-currency bond portfolios; contributing to the formulation of global fixed income strategy; and supporting the activities of the global fixed income team in the servicing of existing clients and new business development.

You will be a graduate, ideally in your mid-20s, with at least 3 years' experience in financial markets, and some experience in fixed income fund management, either in a research or fund management role. You must have proven analytical skills, a keen attention to detail and be a strong team player.

This is an exciting role for a well motivated and proactive individual in a challenging environment. Remuneration will include a competitive base salary and the benefits associated with a leading financial organisation.

Please apply in writing, enclosing a full curriculum vitae and quoting reference 040A, to the Response Manager, Barkers Response & Assessment, 30 Farringdon Street, London EC4A 4EA.

Your cv will be forwarded to this client only. Please indicate any company to which your details should not be sent.

LONDON TEL: 071-306 0675
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BARKERS
RESPONSE & ASSESSMENT

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BRITISH-AMERICAN CHAMBER OF COMMERCE CHIEF EXECUTIVE OFFICER, New York

The British-American Chamber of Commerce in New York and London is a fast growing private sector organization which provides services to the transatlantic business community and a forum for the promotion and discussion of transatlantic trade and investment issues. It has a membership of 700 corporations represented by 3,500 executives in the New York and London areas and has professional staff in both cities.

The BACC is a key member of the recently created British-American Business Council and works closely with the Council's transatlantic Advisory Board comprising the chairmen and chief executives of major British and American companies.

Responsible to the Board of the BACC for the overall management of the operations in New York and London, the CEO will lead the continued development of the Chamber, its contribution to the British-American Business Council, and the provision of relevant services to its members. Candidates will be expected to demonstrate high level communication and marketing skills in addition to general management ability and the diplomacy required to run a voluntary organization composed of senior international executives. Significant transatlantic business experience, preferably in a service business, plus a high degree of energy and enthusiasm, will be essential for this position. A base salary up to \$160,000 plus benefits will be offered.

Applications and recommendations for this senior appointment should be made to:

Peter M. Felix, CBE
Chief Executive Officer
The British-American Chamber of Commerce
52 Vanderbilt Avenue
New York, NY 10022
Tel: (212) 661-4060
Fax: (212) 661-4074



Global Fixed Income Portfolio Management Private Banking

Swiss Bank Corporation is one of the world's leading international investment banks. Its Private Banking Division offers investment advice and discretionary management on a global basis to a sophisticated client base of high net worth individuals. A fixed income professional is now required to strengthen the London based investment team.

The primary focus of the role will be the management of international client portfolios in the global bond markets. Additionally, the successful candidate will be expected to work closely with the marketing team involving direct contact with clients on occasion.

Candidates should be graduates with at least three years experience in international fixed income, ideally gained within a private banking or an institutional fund management environment. Excellent communication skills, both oral and written, are essential together with the necessary gravitas and maturity to relate to high net worth clients. A competitive remuneration package is offered.

For an initial discussion in confidence please contact us quoting reference 4959 at 20 Cousin Lane, London EC4R 3TE. Telephone 071-256 7307 or Fax 071-489 1130.

STEPHENS
SELECTION

A STEPHENS GROUP CONSULTANCY
London Edinburgh New York Hong Kong

MARKETING PROFESSIONAL INTEREST RATE DERIVATIVE PRODUCTS

London

Société Générale is a leading international bank, ranked fifteenth worldwide in terms of total assets, with representation in over 60 countries. Société Générale in the UK provides banking and investment advice and services to corporate and institutional clients.

The Position The successful candidate will be responsible for sales of interest rate derivatives and structuring tailored solutions for asset and liability risk management. He/She will have direct marketing responsibilities for UK and Irish corporates and financial institutions, and will support the relationship management teams.

The Team The marketing professional will be part of the Société Générale group's international swaps and interest rate derivatives team which is one of the market leaders in swaps, interest rate options, FRAs and second generation products.

Qualifications The candidate should be a high-calibre graduate with a minimum of two years marketing experience in interest rate derivative products.

Please send your career details in confidence to: Louise Barrett, Head of Human Resources, Société Générale, 60 Gracechurch Street, London EC3V 0HD.



Société Générale is a member of the Securities and Futures Authority

EUROPEAN EQUITY STRATEGIST

A leading global investment bank has created a new position within its Economics and Equity Strategy team. The position is based in London, and will offer the right person enviable career prospects and the opportunity to work with a team of talented and established professionals.

The successful candidate will be educated to Masters Degree level, have a strong economics or financial background, and a minimum of two years work experience in financial market analysis. He or she will possess excellent quantitative skills and tremendous enthusiasm for the macro analysis and forecasting of Europe's equity markets. There is also a requirement for a high level of written and verbal presentation skills.

If you fit this description, and would relish such an opportunity, please send your detailed CV, with covering letter and any relevant examples of work, to Box Number A2108, c/o The Financial Times, Number 1 Southwark Bridge, London SE1 9HL.

INTERNATIONAL TRADE FINANCE

Due to a clear commitment to International Trade Finance in the Emerging Markets, this established European Bank requires an additional specialist in executing and structuring complex deals. Current expertise with the full range of products, negotiations and the ability to Market and build Customer Relationships is of prime importance.

You will be a pro active fully credit trained Corporate Banker who is looking for a decisive career step which will lead into Management. You should have at least 2 years experience specialising on Trade Finance, aged 26-35, of graduate calibre, PC spreadsheets and languages helpful. Excellent salary package will be offered to the successful candidate.

For further details please call Mike Blundell Jones on 071 404 6292 or write to Absolute Recruitment Ltd., Steples Inn Buildings North, High Holborn, London WC1V 7PZ. Fax: 071 404 6275

ABSOLUTE RECRUITMENT



Global Asset Management (GAM) provides professional investment expertise to investors around the world.

Currently managing approximately \$8 billion for investors, GAM, with offices worldwide, offers a dedicated commitment to performance in portfolios using GAM's mutual funds which harness a blend of in-house talent and sub-contracted outside professionals.

GAM USA is currently seeking an addition to its Private Client Portfolio Management staff in the New York office. The position is responsible for managing portfolios of existing clients and developing new business. Knowledge of international investments as well as excellent interpersonal, communication, analytical and administrative skills are required.

Interested candidates should submit a resume to: Clark B. Winter, Jr., President, Global Asset Management (USA) Inc., 135 East 57th Street, 25th Floor, NY, NY 10022

FRENCH SPEAKING INTERNATIONAL EQUITY SYNDICATE EXECUTIVE To £30,000 + Banking Benefits

Outstanding opportunity for a bilingual executive to work for this major bank. Leading with sales teams based in France, UK, Europe, the USA and Japan you will be informing them of changes in laws and receiving feedback. There is direct client contact as well as contact with counter parts in international houses. No day will be the same! A banking background is essential (preferably SFA registered and with sales support or settlements experience). Long term prospects are exceptional.

Appointment B Language
Tel: 071-734 3380 / 071-355 1975 Fax: 071-499 0568



Technical Analyst \$40K+

Major US House seeks a dynamic, confident, highly motivated individual to work with the worldwide traders. The ideal candidate must possess drive and initiative, at least 3 years' experience and be 25-30. Contact Stephen Dornan on 071-247 1675.

Far East Economists From \$60K Several Top Houses seek established and experienced Economists for positions in Tokyo and Hong Kong. Contact Stephen Dornan on 071-247 1675.

Corporate Finance Several Top Houses require experienced graduates in Corporate Finance. Project Finance, M&A - Privatisation - Emerging Markets. Optimal Age 25 to 35. Contact Costa Karvelas on 071-247 1675.

Money Market Sales Several Top Houses require Money Market sales people involved with C.P., C.D.s, Repos etc. Positions available range from Junior to Senior level. European languages would be a definite advantage in some cases. Please call Mark O'Connor.

Fixed Income Sales to Switzerland Several Top Houses require experienced sales people for Swiss coverage. Please call Mark O'Connor.

Senior Sales Our client, a Top Investment House seeks an experienced candidate to be based in London. Must be able to speak Korean. The successful person will be selling Capital Market products to a client base in the UK. Please call Sue Stevens.

Derivatives Marketing Several top names in the City require experienced individuals involved with structured products. Ideally aged between 25-30, and a foreign language ability can be advantageous in some cases. Please call Andrew Stone.

Fixed Income Sales Several leading Houses seek experienced multi-product sales people to cover UK Institutional Accounts. In some cases Van specialists are required. Please call Richard Ward.

European Government Bond Traders Several Top Quality Banks are seeking Government Bond Traders with 2-3 years' experience. Emphasis being Germany, Spain and Belgium. Please call Richard Ward.

Bond Sales (Paris) Leading European Bank seeks an applicant with a minimum of 3 years' experience in international bond markets (G4 Bonds and Euro). The successful candidate ideally will speak fluent French and initially be based in Paris. Call Andrew Stone.

Others

REPO SALES/TRADING; FIXED INCOME SALES TO GERMANY, SCANDINAVIA, FRANCE etc; FUTURES SALES; EQUITY SALES; SWAPS TRADING; EMERGING MARKETS SALES/TRADING; EXOTIC OPTIONS TRADING; ORIGINATIONS MARKETING; CAN \$ TRADING; US TREASURY SALES/TRADING; FRN SALES/TRADING.

For further details please call on 071-377 5488 or send/fax your CV to us. All applications are treated in the strictest confidence. For enquiries outside business hours call 081-364 1833.

CAMBRIDGE APPOINTMENTS
232 Shoreditch High Street, London E1 6PJ. Fax no. 071-377 0887

Sales Manager Emerging Markets

West Merchant Bank is a London-based international merchant bank wholly owned by Westdeutsche Landesbank - Eurobank AG, which is in turn owned by Westdeutsche Landesbank and Sudwestdeutsche Landesbank.

The Developing Country Finance Group (DCFG) is based in London with local offices in Argentina, Brazil, Chile, Mexico and Venezuela, and representation in New York. Its Global Distribution Unit has responsibility for sales and marketing of Latin American debt products, development of investor relationships, pricing and placement of new issues, and placing structured products in the market.

The Global Distribution Unit is seeking a Sales Manager to join the team in London and contribute to the promotion of the Bank as one of the top players in the emerging bond markets for Latin American assets.

The Role

Key responsibility will be for the placement of new issues and secondary market debt in European financial institutions. Products include eurobonds, money market instruments, local currency instruments, Blatens, pre-Blatens and structured transactions including leveraged and event backed transactions. The individual will also be responsible for client development with private banking groups, fund managers, and institutional investors in Europe.

The Candidate

Applicants will be of graduate caliber with 2-3 years' experience of fixed income sales, and a corresponding client base. Previous experience in emerging markets would be useful and a language proficiency an advantage.

Package

Salary will be commensurate with skills and experience, with full banking benefits. Bonus payments and subsequent career progression will be based upon performance. The major criteria being sales volume and new client retention. Top.

Please apply in confidence enclosing a full cv, to Miss Julia Brooks, Manager Personnel, West Merchant Bank Limited, 13-16 Gracechurch Street, London EC3V 0AN. Tel: 071-729 5491.

West Merchant Bank

INVESTMENT CAREER OPPORTUNITIES IN SCOTLAND

THE COMPANY

Based in Perth and one of the UK's major insurance companies, General Accident plc employ around 25,000 people in 45 countries worldwide with a branch network throughout the UK.

As one of the UK's leading financial institutions, we are major fund managers in our own right with over £7bn of funds under management from Perth.

The growth of the companies funds under management and in particular the overseas equity investments has created two positions that we now seek to fill.

THE JOB

Fund Manager

A top quality individual aged mid 20s to mid 30s with at least 5 years experience of major equity markets is sought for a key role in the Overseas Equity section. Applicants should be at least Associate members of the IIMR or equivalent.

Analyst

An excellent opportunity also exists for an ambitious high potential individual to work as an analyst in the Overseas Equity section. Applicants should be at least Part 1 qualified IIMR or equivalent.

We have deliberately set a wide experience range for both positions as we can offer a great deal in gaining experience and developing skills. Our emphasis in selection will favour quality and the potential for personal development within a dynamic environment.

Starting salary will be related to experience and will be very competitive.

THE BENEFITS

The company offers a first class benefits package which includes performance related pay, subsidised mortgage, profit sharing scheme, non-contributory pensions scheme and assistance with relocation expenses where applicable.

The purpose built Head Office further provides excellent working facilities including an extensive sports complex.

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The Coordinator

UNRWA Headquarters Branch (Amman)

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ACCOUNTANCY COLUMN

Uncertain returns from a 50-year investment

Pratap Chatterjee on why the IMF and World Bank are coming under greater scrutiny from their backers

Fifty years ago today, representatives from 44 countries signed an agreement at the Mount Washington hotel in the forests of the White Mountains in Bretton Woods in the US, which led to the creation of two of the most powerful institutions on the planet: the World Bank and the International Monetary Fund.

They dispense over \$30bn in funds every year to countries in Asia, Africa, Latin America and the former Soviet bloc, the largest source of new money for these countries.

But how effectively have these funds been spent? If we are to take the word of the institutions, very effectively. If we are to believe a new coalition of social and environmental groups that sprung up this year - called "50 years is enough" - or critics on the libertarian right, such as the Cato Institute, the institutions are the main source of poverty and environmental degradation in their borrower countries.

Two years ago, Willi Wapenhans, a former vice-president of the World Bank, was commissioned to examine its existing portfolio of 1,500 projects. The results showed that 37.5 per cent of the bank's loans had failed to meet their own minimum estimation of an economic rate of return.

Bank staff promptly replied that their standards were higher than most. They could not explain why the failure rate had risen by 150 per cent over the previous decade. "This pressure is not temporary, it is attributable to deep rooted problems which must be diagnosed and resolved," wrote Wapenhans.

The Wapenhans review made two comparisons: it compared staff appraisal reports, which are issued before a loan is made, to project completion reports, which are written up after the last penny has been paid out, as well as looking at reviews conducted by its operations evaluation department.

What they had not looked at was how valid were the figures used in these reports and how timely they are in order to ensure that there is some way of correcting problems before it is too late. This process has now begun and the first report that has come back is less than encouraging.

The Financial Reporting and Auditing Task Force, headed up by George Russell, a financial adviser in the World Bank's central and operational accounting division, shows that over 60 per cent of the audits of its projects are not received within the grace period of four to nine months after the fiscal year ends, "making it inconsequential for project management purposes," according to the reviewers. And 7 per cent are not received at all.

A fifth of those received have a qualified, adverse or disclaimed opinion: the auditors believe that either additional information is required before the audit can be signed, the audit is misleading or there is insufficient information for the auditor to judge the audit.

In addition, Russell's team report that the "format of the (financial) information received often does not allow for, (1) comparison with staff appraisal reports, (2) linkage of physical achievements with project expenditures, and (3) reconciliation

with bank disbursement records". Why is this so? Interviews with members of the team reveal that in many countries, particularly in Africa, the government auditors have no clue about how to prepare proper financial statements.

Even within the World Bank itself at its headquarters in Washington, the importance of proper financial reporting has been downgraded. The Wapenhans taskforce pointed out that in 1980, the bank had 270 financial specialists of which 29 per cent were considered experienced. By 1992, it discovered there were 190 specialists, 30 per cent less, of which a mere 22 per cent were considered experienced.

As for the International Monetary Fund, its critics say that while it provides interested parties with statistics galore, it leaves out the most crucial information. Jeffrey Sachs of Harvard University, who has advised a dozen countries from Bolivia to Russia on their economic policies, told a recent Congressional hearing there was no way to judge the performance of the institution because nobody knew any more than its most general recommendations.

"I must say that the IMF resisted in a number of cases the very measures which turned out to be enormously successful after the fact and then the IMF is able to say, after the fact, we supported those policies because there is no documentation to say to the contrary," he said.

Between 1980 and 1989, 241 structural adjustment programmes were put in place in 36 countries. As the United Nations Children's Fund

(Unicef) points out, over the same period, three quarters of these countries in Africa, Asia and Latin America experienced marked declines in their per capita income.

This discrepancy in performance evaluation is about to change. Using advice from activist groups like the Environmental Defense Fund and International Rivers Network, the Senate has drawn up a list of minimum conditions the IMF must meet if it wants more money from the US.

Under these recommendations, the IMF must encourage borrowing countries to give them permission to publish the Article IV agreements, which are the details of policies that the IMF wants the country to follow, the recent economic development papers and the policy framework papers for each country as well as the letters of intent.

To underscore their impatience with the IMF, the Senate slashed contributions to the IMF's Enhanced Structural Adjustment Facility from a requested \$100m to \$25m next year. The House of Representatives went further and recommended giving the IMF nothing at all.

Karin Lissakers, the US executive director on the IMF's board, who as the US representative controls 18.3 per cent of the votes in the institution, says she hopes to get the rest of the board to agree to make these changes. Last week the IMF said that it was trying to put some of the policies into effect by its annual meeting in Madrid in September.

Will this make a difference? The bank was persuaded, by similar pressure from activists last year through

the US Congress, to give out more information through a new "public information centre" and to set up an independent inspection panel to review complaints. The panel will come into existence next month, but the information policy has been in place for six months. US Congressman Barney Frank called a hearing last month to review progress.

Testifying before Frank was Lori Udall of IRN. She said: "Since 1988 the bank has had an information policy that states the general presumption in favour of disclosure of information in the absence of a compelling reason not to disclose. Despite this presumption, in practice the bank has consistently restricted almost every type of information regarding bank projects."

Fifty years on, if it is not possible to evaluate the success of these institutions, how are they able to survive? First, they have sovereign guarantees that ensure that the World Bank and the IMF have to be paid back and that their debt cannot be rescheduled. Second, without their stamp of approval, no country can receive international credit.

Thus the World Bank and IMF cannot fail on matter what recommendations they make to countries. Things might be very different if these guarantees were withdrawn and they were forced to compete with the private sector they are so eager to espouse. At the very least, governments should be entitled to know whether they are getting their money's worth. Fifty years of opaqueness is enough.

The author is global environment editor for Inter Press Service in Washington DC.

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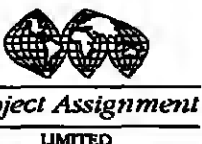
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COMMODITIES AND AGRICULTURE

Russia's aluminium exports as high as ever

By Kenneth Gooding, Mining Correspondent

Russia has trimmed its aluminium output but its exports of the metal are as high as ever, according to statistics provided yesterday by trade delegates at a meeting of the big aluminium producing countries in Canberra.

Nevertheless, those involved - Australia, Canada, the European Union, Norway, and the US as well as Russia - pledged to continue support for the voluntary agreement that aims to

cut up to 2m tonnes from world aluminium production for two years so as to bring the market back into balance.

Analysts said that outcome was to be expected as aluminium prices had risen nearly 50 per cent from last November's 8-year lows. The three-months delivery price closed at \$1,532.50 a tonne on the London Metal Exchange yesterday, and at that level nearly every producer is profitable.

The Anthony Bird consultancy group estimates in its latest Aluminium Analysis

that operating costs at western smelters are averaging \$1,135 a tonne while Russian costs are \$1,234. "Although Russian costs are rising, at today's prices even the Russians can make money."

Bird suggests the industry has had "an impressive success" in implementing the production cuts but it expects no more of them. Neither does Mr Nick Moore, analyst with stockbrokers Ord Minnett. He points out that the latest international Primary Aluminium Institute statistics show the

average daily rate of production at western smelters in June was the lowest for 46 months. "Currently the industry is operating at an annual rate of 14.174m tonnes - an impressive 1.13m tonnes lower than the all-time peak of 15.306m tonnes seen in December, 1992," he adds.

Data released in Canberra show Russian aluminium output in June was 6.4 per cent lower than in November at 220,000 tonnes against 236,100 - equivalent to an annual cut of about 156,000 tonnes and well

below the 500,000 tonnes the Russians hoped to achieve by August. Russian exports in the first five months were about 800,000 tonnes, equivalent to an annual rate of 1.6m tonnes, roughly the same as in 1993.

The Canberra delegates warned in their communiqué that the aluminium market balance was "still delicate". And Bird says: "If aluminium prices continue the torrid pace of recent weeks and anticipate too much too soon, the recovery could fade before it has properly begun."

Albanian agriculture faces struggle in the free market

Geoff Tansey examines the condition of the farming sector after a counter-revolutionary land share-out

In Albania, they joke "What did you get in the land distribution? I got one hectare and 10 bunkers".

It refers to the many hundreds of thousands of reinforced concrete mushroom-like defence bunkers built by a paranoid regime that finally collapsed in 1991. They greet you on landing at the airport, dot the fields and hillside all over the country and take up valuable space in the tiny newly-created private farms - average size 1.4 hectare.

Behind the joke lies a total transformation of Albanian agriculture in the past three years, perhaps greater than in any other former eastern European country.

Mr Daut Karamane, an ex-military technician, in Bajk village in the hills of central Albania received 0.8 ha, scattered in several parcels, and one big bunker (most are small, one to two person affairs). In the land privatisation, he does not regard the bunker as an asset but makes the best of a bad job by housing his eight sheep and seven goats in it.

A radical reform distributed the 70 per cent of the land formerly worked by 800 agricultural co-operatives to the villagers living on it and gave the workers on the rest, in the 120 state farms, the right to farm it privately. By law, the total amount of land associated with a village should be divided equally among the inhabitants.

Usually, each family got some good land, some less good and some poor. In some areas, however, it was distributed according to ownership patterns before the communist take-over and disputes still rage in some places over ownership.

Amazingly, Mr Daut says he has had a cow for many years - despite a law passed in 1976 forbidding villagers to keep livestock - not so much as a chicken. Everything had to be kept and managed in the commune's facilities.

When the old regime collapsed, most of these common facilities were smashed up in a widespread, popular burst of anger at all that represented the old order. The livestock were distributed to the 400,000 farm families created following the collapse.

The transition was not easy, nor is it complete - land sales are forbidden as titles have not all been given out. Yet, from being the most isolated communist country in Europe, Albania has become perhaps the most ardently free market oriented.

When the previous regime collapsed agricultural production slumped, precipitating a major food crisis. The country's 3.3m people, with a 1989 per capita GNP of US\$330, received over \$1.4m in aid between 1991 and 1993, according to the Albanian Economic Tribune, much of it emergency food aid - almost \$700m in food and distribution costs in 1991-92 alone.

Agricultural production is climbing back up after a fall of almost a quarter in 1990-91. By the end of 1993, some 16 different donors had agreed to provide almost \$235m in project funding to improve agriculture. About \$70m had been spent by the end of 1993, according to the 1993 Agriculture and Food Statistics of Albania produced by the Ministry of Agriculture and Food.

The aim is to create a market-based food system. Everywhere, people have to learn how to run a small farm business and have problems marketing what is produced - as the previous distribution system has collapsed and few foreign companies operate. They also need market information and more knowledge of how to farm more efficiently.

Most farmers were workers in the old regime and have lit-

tle if any experience with livestock, for example, which are mainly looked after by women. Reaching them, is essential to improve dairy production and village cheese making, says Ms Rebecca Balogh, director of the small Land O Lakes dairy development project. She and her team have organised some 360 village women as volunteer lead farmers, each of whom works with 15 women in her village, to improve milk quality, animal health and cheese making.

In the mountain village of Guri i Bardhe in central Albania, Mr Hamid Murati and his family struggle to plough their 800-square metre patch. They plant maize for fodder while other villagers gather leafy branches from trees in the surrounding hills for winter feed. Everywhere farmers harness up any animal they can - horses, donkeys, bullocks, even cows - to work their land as tractors are scarce and expensive.

Officials also face difficult adjustments. The ministry has been reorganised with support of \$3m under a UN Food and Agriculture Organisation project. It now has to provide the kind of technical and market information useful to small farmers through radio and TV, the only media to reach them.

An essential need in situations like Albania's is to provide business advice to farmers, farming association and food businesses, believes Mr Sergio Giorgi, FAO adviser to the agricultural sector. He is working with a farmers association - "co-operative" is not a politically-correct term in the new Albania - established three years ago on a family basis, to set up an accounting system and financial control. He is also advising the first wholesaler buying local produce and selling to transporters and state agriprocessors plants, moving about two tonnes a day.

Latin Americans hope to heal divisions over banana quotas

By David Scanlan in San Jose

Latin American banana producers, long divided over import quotas in Europe and distressed over falling world banana prices, took a step toward burying the hatchet in a day-long meeting here on Wednesday. Representatives from eight banana-producing countries agreed to set up a working group and meet again in Nicaragua on August 3 to end the dispute and try to boost banana prices.

One of the options the group

will be considering is a cut in production to reduce supply and raise prices. The group will also try to improve efficiency within the banana industry, officials said.

"We're optimistic," said Costa Rican president Jose Maria Figueres, "that we can find a consensus position."

Unlike the other Latin American staple export - coffee - bananas have been floundering at 10-year price lows on the international markets. In the US, banana prices have been hovering around US\$4.30 for an

18.14kg case, the lowest in a decade. Prices were about \$5.50 at this time last year.

In Europe meanwhile prices are at 5-year lows of about \$6 a case, down from their usual \$13 to \$15 range. Producers blame oversupply and dwindling demand for falling prices.

The falling prices have helped bring the Latin American banana producers together, despite a bitter dispute over import quotas imposed by the European Union in 1993. The EU imposed the measures as part of the

Lomé preferential trade convention, under which the EU imports bananas from former colonies of Britain and France in Africa, the Caribbean and the Pacific. Producers in the former colonies can't compete with their Latin competitors, who run more efficient, mechanised plantations.

Germany, Europe's largest banana consumer, has been particularly angry about the quotas and filed a complaint earlier this year with the European Court demanding a free market in bananas.

This year's import quota was 2.1 tonnes. It rises to 2.2m tonnes in 1995. Four Latin countries accepted the quota system - Costa Rica, Colombia, Venezuela and Nicaragua. The remaining countries opposed the limits, including Guatemala, Ecuador, Mexico, Honduras and Panama.

But Ecuador's foreign trade minister Mr Diego Paredes said on Wednesday that he was optimistic the Latin countries could find common ground on the quota issue in coming weeks.

Price surges lift LCE into profit for first time since 1987

By Deborah Hargreaves

The London Commodity Exchange made a pre-tax profit of £1m in its last financial year, which ended in March, after soaring coffee and cocoa futures prices led to a 22 per cent upturn in trading activity.

The rise in business after two years of declining or static volumes led to the first operating surplus at the exchange since 1987. This was paid out to members as a rebate.

In the 1992-1993 financial year, the exchange made a small profit of £218,000, after recovering from the debacle in property futures which cost it £1m in lawyers and accountants fees.

"When I got to the exchange, it was in survival mode

because so many members were going out of business and the exchange had over-stretched itself with high overheads," said Mr Robin Woodhead, chief executive, who joined the LCE 18 months ago.

Six new members have joined this year, however, all of which are financial institutions or their subsidiaries, reflecting the growing interest in commodities among the banking community.

The end of the world recession and worries about the resurgence of inflationary pressures have revived investment interest in commodity markets. At the same time, frosts in Brazil, which damaged the coffee crop, and a growing structural deficit of cocoa have underpinned price rises.

Coffee prices have more than doubled this year and reached their highest level for eight years. The cocoa market has touched a 6½-year peak.

At the LCE, this has turned into a year of record volumes: in the last financial year the exchange traded the highest number of contracts over.

Mr Woodhead says the exchange's balance sheet is the strongest it has ever been. It has reduced its overheads by a third to £8m a year, cut staff levels by a third and pared back the number of contracts it trades from 27 to 12.

"We've decided to focus on our core products of coffee, sugar and cocoa and direct our resources so that we provide as much benefit to those markets as possible," Mr Woodhead

stresses he is not going to get carried away with developing new products without the support of his members.

"Our history of new contracts is not very good, so we've reversed that: we've got rid of soy, lamb, pigs, a redundant sugar contract."

Instead of the razzamatazz often associated with the exchange when it was called London Fox (standing for Futures and Options Exchange), Mr Woodhead is concentrating on building a fully comprehensive statistics database at the request of some members.

At the same time, the exchange has to demonstrate that it can operate profitably in all market conditions. Its finances have been helped by

the upturn in its core markets, but it needs to break-even at much lower volumes. The restructuring programme means the exchange now needs to trade 13,000 contracts a day to break-even, compared with 20,000 three years ago.

Mr Woodhead believes that the trading environment in the wake of the General Agreement on Tariffs and Trade settlement will increasingly free up prices for agricultural commodities, giving opportunities for futures contracts. But this could be a long time coming.

In the meantime, he is looking to upgrade the LCE's electronic trading system to boost its capacity and is working with other London futures exchanges to upgrade their common clearing system.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close 1505-6 3 mths

Previous 1517.5-8.5 1542-4

High/Low 1540-30 1540/1530

AM Official 1507.5-8.5 1532-3

Korb close 1507-10 1520-1

Open int. 233,171

Total daily turnover 45,267

ALUMINIUM ALLOY (\$ per tonne)

Close 1507-17 1530-35

Previous 1520-30 1540-30

High/Low 1540-30 1540/1530

AM Official 1510-20 1530-40

Korb close 1510-20 1530-40

Open int. 2,533

Total daily turnover 413

LEAD (\$ per tonne)

Close 595-6 600-1

Previous 591-2 605-6

High/Low 594-5 609/592

AM Official 591-2 605-6

Korb close 591-2 605-6

Open int. 4,746

Total daily turnover 4,774

NICKEL (\$ per tonne)

Close 6290-300 6385-60

Previous 6240-50 6400-50

High/Low 6240-50 6400/6340

AM Official 6250-55 6340-70

Korb close 6250-55 6340-70

Open int. 58,342

Total daily turnover 12,428

TIN (\$ per tonne)

Close 5945-55 5420-30

Previous 5915-55 5490-500

High/Low 5915-55 5490/550

AM Official 5940-50 5405-10

Korb close 5940-50 5340-50

Open int. 18,817

Total daily turnover 2,391

ZINC, special high grade (\$ per tonne)

Close 978.5-7.6 1001-2

Previous 973-4 1008-7

High/Low 973-4 1008/995

AM Official 978-8 1002.5-3.0

Korb close 978-8 995-4

Open int. 101,737

Total daily turnover 22,129

COPPER, grade A (\$ per tonne)

Close 2531-2 2538-40

Previous 2523-3 2543-2516

High/Low 2523-3 2543/2516

AM Official 2520-21 2527-8

Korb close 2520-21 2527-8

Open int. 225,498

Total daily turnover 64,072

LME AM Official 5/8 rate 1.5510

LME Closing 5/8 rate 1.5412

Spot 1.5395 3 mths 1.5390 6 mths 1.5375 9 mths 1.5360

HIGH GRADE COPPER (COMEX)

Close change High Low Open Int. Vol

Jul 114.80 +0.25 115.15 114.00 1,381 362

Aug 114.85 +0.25 115.20 114.50 828 24

Sep 115.10 +0.25 115.45 114.80 6,602

Oct 114.70 +0.10 115.00 114.45 422 88

Nov 114.30 +0.05 - 245 -

Dec 113.85 - 114.75 113.30 10,278 778

Total 82,388 5,888

Precious Metals continued

GOLD COMEX (100 Troy oz; \$/troy oz)

Sett. Day's price change High Low Open Int. Vol

Jul 384.1 -1.1 385.0 383.0 10 10

Aug 384.3 -1.5 387.1 384.2 58,883 27,094

Sep 385.8 -1.3 - 1,532-8

Oct 387.4 -1.3 390.1 387.2 6,614 250

Nov 388.6 -1.3 391.5 388.3 39,215 8,417

Dec 389.9 -1.5 392.8 389.4 8,282 1,221

Total 158,284 36,588

PLATINUM NYMEX (50 Troy oz; \$/troy oz)

Sett. Day's price change High Low Open Int. Vol

Jul 413.8 -2.4 417.5 414.0 236 150

Aug 415.8 -2.4 420.0 415.0 21,882 2,724

Sep 418.1 -2.4 422.0 418.0 2,213 28

Oct 425.8 -2.4 - 1,784 70

Nov 430.5 -2.4 - 1 -

Dec 430.5 -2.4 - 1 -

Total 25,888 2,978

PALLADIUM NYMEX (100 Troy oz; \$/troy oz)

Sett. Day's price change High Low Open Int. Vol

Jul 147.25 +0.15 147.50 146.50 4,700 308

Aug 147.25 +0.15 147.50 146.50 611 158

Sep 148.00 +0.15 148.00 147.00 189 34

Oct 148.00 +0.15 148.00 147.00 189 34

Nov 148.00 +0.15 148.00 147.00 189 34

Dec 148.00 +0.15 148.00 147.00 189 34

Total 5,810 810

SILVER COMEX (100 Troy oz; \$/troy oz)

Sett. Day's price change High Low Open Int. Vol

Jul 522.7 -5.8 527.9 522.0 165 41

Aug 523.5 -6.0 528.7 523.0 78,381 11,477

Sep 525.2 -6.0 530.4 525.0 78,381 11,477

Oct 525.2 -6.0 530.4 525.0 78,381 11,477

Nov 525.2 -6.0 530.4 525.0 78,381 11,477

Dec 525.2 -6.0 530.4 525.0 78,381 11,477

Total 222,379 12,611

CRUDE OIL NYMEX (42,000 US gal; \$/barrel)

Sett. Day's price change High Low Open Int. Vol

Jul 18.25 +0.25 18.50 18.00 32,338 3,235

Aug 18.25 +0.25 18.50 18.00 32,338 3,235

Sep 18.25 +0.25 18.50 18.00 32,338 3,235

Oct 18.25 +0.25 18.50 18.00 32,338 3,235

Nov 18.25 +0.25 18.50 18.00 32,338 3,235

Dec 18.25 +0.25 18.50 18.00 32,338 3,235

Total 400,245 124,652

CRUDE OIL IPE (\$/barrel)

Sett. Day's price change High Low Open Int. Vol

Jul 17.25 +0.13 17.38 17.22 65,483 12,383

Aug 17.47 +0.13 17.62 17.32 20,381 3,823

Sep 17.27 +0.03 17.42 17.15 10,280 1,121

Oct 17.27 +0.01 17.34 17.15 14,278 1,511

Nov 17.21 +0.04 17.34 17.16 5,044 285

Dec 16.96 +0.13 17.08 16.88 2,541 147

Total 127,898 23,227

HEATING OIL NYMEX (42,000 US gal; \$/barrel)

Sett. Day's price change High Low Open Int. Vol

Jul 17.25 +0.13 17.38 17.22 65,483 12,383

Aug 17.47 +0.13 17.62 17.32 20,381 3,823

Sep 17.27 +0.03 17.42 17.15 10,280 1,121

Oct 17.27 +0.01 17.34 17.15 14,278 1,511

Nov 17.21 +0.04 17.34 17.16 5,044 285

Dec 16.96 +0.13 17.08 16.88 2,541 147

Total 127,898 23,227

GAS OIL IPE (\$/barrel)

Sett. Day's price change High Low Open Int. Vol

Jul 16.25 +0.13 16.38 16.22 65,483 12,383

Aug 16.47 +0.13 16.62 16.32 20,381 3,823

Sep 16.27 +0.03 16.42 16.15 10,280 1,121

Oct 16.27 +0.01 16.34 16.15 14,278 1,511

Nov 16.21 +0.04 16.34 16.16 5,044 285

Dec 15.96 +0.13 16.08 15.88 2,541 147

Total 127,898 23,227

NATURAL GAS NYMEX (10,000 cu ft; \$/cu ft)

Sett. Day's price change High Low Open Int. Vol

Jul 1.84 -0.05 1.89 1.82 12,841 15,043

Aug 1.89 -0.03 1.90 1.85 18,012 5,176

Sep 2.014 -0.024 2.030 1.980 10,280 1,148

Oct 2.125 -0.023 2.140 2.100 9,543 857

Nov 2.295 -0.013 2.308 2.282 14,278 1,088

Dec 2.290 -0.013 2.303 2.276 8,775 445

Total 103,582 23,221

GRAINS AND OIL SEEDS

WHEAT LCE (\$ per tonne)

Sett. Day's price change High Low Open Int. Vol

INVESTMENT TRUSTS - Contd

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INVESTMENT TRUSTS - Cont.

Trust Name	Price	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595
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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (971) 873-4378 for more details.

Net Charge	Cover Price	Old Price	Other Price	+ or -	Total Cr.
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[illegible][illegible][illegible][illegible]

	Initial Charge	Open Price	Close Price	High Price	Low Price
Laurelwood Unit Trust Mortgage Ltd (120000)					
Investment	100.00	100.00	100.00	100.00	100.00
Dividend	0.00	0.00	0.00	0.00	0.00
Capital Gain	0.00	0.00	0.00	0.00	0.00
Yield	0.00	0.00	0.00	0.00	0.00
Duration	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00
Units	0.00	0.00	0.00	0.00	0.00
Offer Price	0.00	0.00	0.00	0.00	0.00
Redemption Price	0.00	0.00	0.00	0.00	0.00
Assets	0.00	0.00	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00	0.00	0.00
Net Assets	0.00	0.00	0.00	0.00	0.00

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Schroeder Trusts Ltd - Contd.		Share Price		Dividend		Yield		Market Cap		No. of Shares		Date of Issue		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity		Face Value		Interest		Rate		Term		Maturity
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INITIAL CHARGE: _____

OFFER PRICE: Also called issue price. The price at which securities are first offered to the public.

CANCELLATION PRICE: The minimum cancellation price. The maximum amount of the

offerers spread. As a result, the bid price is often set above the cancellation price. However, the bid rules might be revised to be more efficient.

TIME: The time shown alongside the fund manager's name is the date of the unit trust's

1401 to 1700 hours: (A) - 1701 to midnight.
Daily clearing prices are set on the basis of the
settlement prices of the previous day.

Senator House, 85 Queen Victoria St, EC4V 4EJ
 Call/Live 0800 506535
 Broker/Live 0800 506540

World Service Corp.	64	75.5	78.75	80.75	+0.25	Global Growth Inc.	6	78.5	100.0	100.0	+0.0
Worldwide United	50	70.42	76.59	81.88	+0.29	Global Balanced Inc.	8	102.40	100.0	100.0	+0.0
World Eastern Growth	50	91.00	89.11	90.51	-0.20	Global Balanced Inc.	9	171.34	171.34	171.34	+0.0

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Source	Unit	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403
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US INDICES							
Dow Jones	Jul 20	Jul 19	Jul 18	1994		Share complete	
				High	Low	Low	
Industrials	3727.27	3746.51	3755.49	3873.38	3593.95	3719.38	
				(+14)	(-94)	(+122)	
Non-Buses	17.61	17.75	17.48	18.61	16.43	18.37	
				(+14)	(-10)	(+14)	
Transport	1586.31	1605.86	1603.13	1655.19	1568.33	1574.61	
				(+14)	(-10)	(+14)	
Utilities	128.84	131.17	130.20	127.68	127.71	128.46	
				(+14)	(-10)	(+14)	
DJ Ind. Day's High 1994 (\$774.45)	777.44	774.45	770.22	775.50	770.22	770.22	
DJ Ind. Day's High 1993 (\$742.10)	742.10	742.10	737.51	742.10	737.51	737.51	
Standard and Poors Composite 5	451.55	453.98	453.22	463.08	435.82	452.90	
				(+14)	(-10)	(+14)	
Industrial	503.45	503.02	500.44	505.58	517.05	500.08	
				(+14)	(-10)	(+14)	
Financial	44.51	44.49	43.52	47.14	42.94	44.56	
				(+14)	(-10)	(+14)	
NYSE Comp.	2470.70	2450.89	2431.44	2577.11	2414.14	2377.71	
				(+14)	(-10)	(+14)	
Amex Mid Wt.	450.38	455.93	452.59	462.09	442.37	447.40	
				(+14)	(-10)	(+14)	
RUSDAQ Day	717.17	715.32	722.82	730.83	695.79	698.38	
				(+14)	(-10)	(+14)	
■ RATIOS							
Dow Jones Ind. Div. Yield	2.71	2.74	2.74	2.81	2.69	2.85	
	Jul	Jul	Jul	Jun	Jun	Year ago	
S & P Ind. Div. Yield	2.47	2.49	2.49	2.49	2.49	2.59	
S & P Ind. P/E Ratio	22.59	22.72	22.72	23.10	23.10	24.99	
■ STANDARD AND POORS 500 INDEX VOLUME \$500 Stocks Index:							
	Open	Close	Change	High	Low	Est. vol.	
Ship	457.12	463.90	+0.78	463.90	457.12	Open H/L	
Dec	454.50	444.00	-0.15	455.20	453.70	458	
Mar	-	458.00	-	458.00	457.45	5	
						2,796	
Open Interest: Spreads are for previous day.							
■ NEW YORK STOCK EXCHANGE				■ TRADING ACTIVITY			
Industry	Stocks	Open	Change	Volume	Jul 20	Jul 19	Jul 18
Chemicals	7,071,000	1914	-34				
Computers	4,008,000	3196	-53		New York Ex	287,730	221,480
Defense	5,949,000	2194	-11		Amex	13,026	14,449
Telephones	5,949,000	4118	-1		NASDAQ	771,874	759,281
Medical Tech	2,584,000	2685	+11		NYSE		
Pharmaceuticals	5,184,700	3054	+4		Issues	2,814	2,542
Oil & Gas	2,225,000	2094	-14		Bonds	728	1,070
Food	2,435,000	3174	-34		Fails	1,205	1,093
Auto	2,405,000	3014	-34		Unsettled	150	77
Steel & Iron	2,193,000	4494	+1		New Highs	15	44
Others	2,053,000	4094	-10		New Lows	15	44

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AMERICA

IBM results lend support to the market

Wall Street

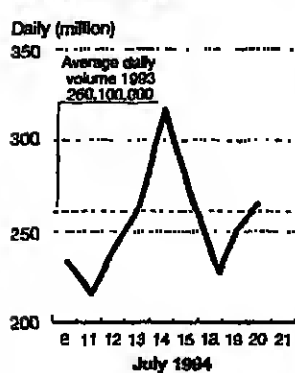
The focus of US equity investors shifted back to corporate profitability yesterday morning, but disappointment from United Technologies somewhat offset a pleasant surprise from IBM, writes Frank McCarty in New York.

By 1 p.m., the Dow Jones Industrial Average was 7.76 ahead at 3,735.03. The more broadly based Standard & Poor's 500 was up 0.86 at 452.23, even though declining issues on the Big Board outnumbered advances by 1,065 to 858. Volume was moderate, with 161m shares traded on the NYSE by early afternoon.

In the secondary markets, the American SE composite was off 0.32 at 432.63, and the Nasdaq composite slipped 0.11 to 712.66.

After a session rattled by fresh uncertainty over interest rates, investors started to concentrate again on how companies performed in the second quarter, amid the pressure of a tightening monetary policy. There was enough favourable news on offer to allow the mar-

NYSE volume



ket to reverse its slide and post a slim gain.

On Wednesday, Federal Reserve chairman Mr Alan Greenspan had triggered a 21-point decline in the Dow Industrials by telling a Senate committee that it remained an open question whether the central banker needed to lift rates again to squeeze out inflationary pressures in the economy. Yesterday there was conflicting evidence on the effect of the Fed's more restrictive credit conditions.

The July survey of business conditions by the Federal Reserve Bank of Philadelphia suggested that growth in the region was moderating but prices paid by businesses were on the rise.

Despite that unfavourable news, bonds were not a significant factor influencing stocks yesterday. After a brief downturn, the Treasury market was holding steady through the afternoon in action which mirrored movements by the dollar.

In turn, investors in the stock market were left free to sift through a fresh pile of cor-

S Africa seeks direction

Johannesburg was mixed, with some support appearing for industrials while the broad market tended softer in search of fresh direction.

The overall index finished 26 lower at 5,556. Industrials moved forward 4 to 6,363 and golds lost 29 at 2,084.

Among industrials attracting demand, Barlows added 50 cents at R24.25 in turnover of R8.5m. SAB rose 25 cents to

porate results. Among them, the most impressive performance belonged to IBM, which confounded analysts by posting second-quarter earnings of \$1.14 a share, against forecasts of 73 cents. The stock surged 35% to \$61 in heavy volume of about 4.5m shares.

The buying enthusiasm spilled over into other computer-related issues, helping to stem losses set off earlier in the week by weaker than expected results from Compaq, Intel and Lotus Development.

On the Nasdaq, Apple was \$1% ahead at \$27% and Cyrix put on \$1% at \$34%. Intel regained \$1% at \$58.

Tandem Computer added \$1 at \$13% after its chairman said that the company would beat analysts' forecasts when it announced its results after the close of trading.

Among the blue chips, however, the upturn in IBM's share price was balanced by a sharp downturn in the value of United Technologies' stock. It dropped 5 per cent, or \$3%, to \$63, even though the company's earnings had improved 32 per cent in the quarter.

By contrast, Sears Roebuck continued to improve, rising \$1% to \$47%, while most retailing issues held steady.

Canada

Toronto was easier at midday. The TSX 300 composite index lost 13.60 to 4,108.14 in turnover of 19.2m shares.

Only forestry and precious metals shares escaped the general downturn that took 12 of Toronto's 14 sub-indices lower at midday. Declines outpaced advances by 302 to 221, with 291 issues holding steady.

The precious metals sector added 61.83 at 9,554.58 on firmer prices, pushed up by insider fears.

Mexico

Mexican shares opened weaker due to higher local interest rates and anticipation of second quarter earnings. The IPC index of 37 top shares was down 11.41 at 3,924.64. Telcel slipped 0.65 per cent in its L shares, with the telephone company's ADRs in New York down 5% at \$54%.

Brazil

Shares in São Paulo were down 0.6 per cent in light trade as investors remained worried about liquidity problems in the banking system.

The Bovespa index of the 56 most active shares was off 247 at 40,139 in turnover of R\$122.9m.

Brokers said there were rumours that some financial institutions were facing difficulties in liquidating fixed-income operations, in spite of the central bank's reduction in the discount rate late on Wednesday.

R&B Iscor gave back some of its recent hefty gain, slipping 10 cents to R3.90.

De Beers and Anglo lost ground on the back of Wall Street falls. De Beers dipping 50 cents to R109.25 and Anglo falling R4 to R235.

Sagpi improved 25 cents to R52 and Sunbop rose R1 to R30.50. Kioof declined R1 to R57 and Vaal Reefs was R3 cheaper at R408.

EUROPE

Late strength in dollar helps underpin bourses

The Bundesbank's decision not to make any movement on the discount and Lombard rates should have come as no surprise to the markets and, in the event, most of them remained resilient. There was some satisfaction at the announcement that the repo rate was fixed for the coming four weeks, but the main cause for late strength was attributed to the rise in the dollar.

FRANKFURT saw the Dax index fall 25.35, or 1.1 per cent, to 2,113.30 in the official session, which closed before the Buba went public.

In later trading there was a marked improvement as the index settled at 2,119.94. Turnover amounted to DM5.6m.

BZW's global strategist, Mr Michael Hughes, said that with evidence that money supply figures from Sulzer helping to consolidate a more positive view of the corporate outlook. The SMF index advanced 17.1 to 2,575.4.

Sulzer appreciated SFR20 to SFR906, with news that orders in the first six months of 1994

neutral to underweight. "The outperformance of German equities over bonds was facilitated by excess liquidity coming into the German economy," he said. "As this withdraws, we would expect the relative performance to change."

The banking sector was pressured yesterday as some investors became nervous ahead of results due from Deutsche Bank and Commerzbank next week, with reports that they could be disappointing. Deutsche recovered in this trading, having closed at DM721, the stock was finally a net DM8.50 off at DM726. The story was repeated at Commerzbank, DM37.50 in the official and down DM1.30 at DM38.90 in the bid.

ZURICH continued its recovery, with the day's half-year figures from Sulzer helping to consolidate a more positive view of the corporate outlook. The SMF index advanced 17.1 to 2,575.4.

ASIA PACIFIC

Nikkei falls despite optimism on economic recovery

Tokyo

Prospects of an economic recovery and expectations of buying by public funds were ignored, and share prices lost ground on selling by investment trusts and institutional investors, writes Emiko Terazono in Tokyo.

The Nikkei 225 average was off 157.84 at 20,622.92 after a day's high of 20,767.65. Volume came to 258m shares, against 310m, and equities declined throughout the day amid a lack of participants due to prevailing uncertainty over the course of the yen.

The Topix index of all first section stocks slipped 13.51 to 1,651.98 and the Nikkei 300 lost 2.67 at 299.55. Declines led advances by 771 to 249, with 187 issues unchanged. In London the ISE/Nikkei 50 index eased 0.86 to 1,337.88.

Investors did not react to Wednesday's Bank of Japan quarterly economic report which concluded that the Japanese economy was headed for recovery owing to rising consumption, fiscal stimulus and growth in overseas markets.

Meanwhile, the release of ¥1,000bn in postal insurance money on Wednesday, of which 50 per cent is expected to be placed into the stock market over the next few months, also failed to boost share prices.

Traders said that while investors were still nervous over currency fluctuations, prospects of buying by public funds prevented selling. "There is likely support around the 20,500 level," said one Japanese broker.

High-technology exporters were lower on small-lot selling by domestic institutions. Mitsubishi Electric dipped ¥1 to ¥968 and Sony ¥6 to ¥5,950.

Reports that utilities would continue to pass on the benefits of the high yen by cutting rates hit electric power and gas companies. Tokyo Electric Power, for instance, receded ¥30 to ¥3,010.

Hopes of increased capital spending boosted Komatsu, the construction machinery maker, in the morning session. However, later profit-taking eroded the gain and the stock, the most active issue of the day, closed a net ¥8 down at ¥945.

Daihuku, a factory equipment maker, put on ¥30 at ¥1,360 and Kato Works, a truck crane

FT-SE Actuaries Share Indices

Jul 21	THE EUROPEAN SERIES									
	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close	Change	High/Low
FT-SE Europe 100	1265.56	1265.20	1268.18	1267.49	1264.47	1265.56	1266.54	1271.54	+5.98	1264.47-1271.54
FT-SE Europe 250	1407.57	1407.27	1403.05	1404.77	1405.20	1402.42	1406.58	1407.95	+0.38	1402.42-1407.95

increased by 3 per cent in Swiss francs and 6.5 per cent in local currency terms proving better than some analysts had expected.

Nestlé picked up a further SFR26 to SFR1.170 in continued response to its better than expected first-half figures earlier in the week. The shares have risen 6 per cent over the last two sessions.

Roche certificates continued their improvement, adding SFR50 to SFR5,400. Their slide last week after disappointing figures had unsettled investors and led the market lower.

Elsewhere, Brown Boveri, which posted strong gains earlier in the week, saw profit

taking which left the shares SFR12 lower at SFR1.122.

AMSTERDAM moved closer once again to breaking through the 400 mark, the AEX index finishing up 1.24 at 399.04.

DSM and Akzo made good gains, F1.460 and F1.260 respectively, to F1.141.80 and F1.205.20. Klenwort Benson

favours the chemicals sector, giving it a 36 per cent overweight holding in its model portfolio, although this is substantially less than the 76 per cent holding it favours for consumer goods, which includes both Polygram and Philips.

The investment bank said that these weightings reflected the "cyclical bias which we

emphasise as being key for exposure to the European economic recovery".

PARIS recovered its balance after earlier declines, helped by late strength in futures. The CAC-40 index added 10.06, or 0.5 per cent, at 2,053.78, having dropped to a day's low of 2,023.11. Turnover was FF4.1bn.

Eurotunnel claimed a 2.7 per cent rise, the shares ending 65 centimes up at FF234.55 on news that a US investment fund had lifted its stake.

Michelin, up FF1 at FF254, has been upgraded to "buy" by James Capel, which raised its forecasts, based on the view that new products were performing well.

MILAN shrugged off the day's political tensions and edged ahead as it awaited further budget details from a cabinet meeting after the market closed. The Comit index rose 3.61 to 720.11.

Telecommunications stocks overcame early hesitancy which followed comments by Mr Lamberto Dini, the treasury minister, who said there

was no fixed timetable for their privatisation. Stet closed L55 higher at L5.545, while Sip was L75 ahead at L4.560.

STOCKHOLM moved very slightly lower on profit-taking following rises over the last 10 sessions. The Allshare index eased 0.1 to 1,445.2.

The forestry sector continued to outperform as rumours of further increases in pulp and paper prices resurfaced.

Stora moved ahead SKr4 to SKr400, while MoDo added SKr5 at SKr345.

MADRID was unable to make any headway, the general index softening 0.06 to 304.34.

Banco Bilbao Vizcaya rose Ptas45, or 1.6 per cent, to Ptas2,350. On Wednesday, the bank announced a 17.2 per cent fall in first-half pre-tax profits, but analysts said the result did not look so bad if losses in trading operations were excluded.

Written and edited by John Pitt and Michael Morgan

HONG KONG had an initial fall cut back as a wave of bargain hunting pushed the Hang Seng index back above the 9,100 benchmark. The index ended 71.16 down on balance at 9,117.66, after losing 160 points at one stage.

Much of the profit-taking was attributed to renewed worries about rising US interest rates, while lower than expected Bank of East Asia results accelerated selling.

Bank of East Asia retreated HK\$1.10 to HK\$32.30, after announcing a 12.1 per cent rise in net profits for the first half of 1994, compared with market expectations of a 20 per cent increase.

The news fuelled profit-taking in HSBC, which fell HK\$1.25 to HK\$39.25, while its Hang Seng Bank subsidiary dipped 50 cents to HK\$4.50.

SINGAPORE was easier as investors sold amid worries of higher US interest rates, although the underlying mood was said to be still positive.

MANILA lost ground for the second day in a row as investors continued to take profits. The composite index ended 14.92 down at 2,648.54 in volume of 49.12m shares worth 772.8m pesos.

Metropolitan Bank and Trust was the day's top gainer, rising 1.4 per cent to 690 pesos.

Losers outpaced rises by 33 to 24. San Miguel, the country's largest food and beverage conglomerate, posted the biggest decline, sliding 2.7 per cent to 90 pesos.

PLDT and PNB defied the downturn, the former climbing 1.3 per cent to 1,520 pesos and the latter 5 per cent to 420 pesos.

SYDNEY closed broadly lower, hit by weakness in markets elsewhere and accompanied by a fall in futures prices. The All Ordinaries index registered a fall of 29.4 at 2,049.2, after a low for the day of 2,043.2. The September futures contract lost 40 at 2,057, after touching 2,054.

Coles Myer ended 2 cents off at A\$4.29, after rising to A\$4.52 earlier. Brokers said the news that Kmart planned to sell its 21 per cent stake in the company removed a long term problem from the share price.

Banks fell in line with renewed pressure on bond

prices, with NAB shedding 18 cents to A\$10.96 and ANZ 17 cents to A\$14.09.

WELLINGTON buckled under the weight of selling from one large foreign portfolio to close weaker on the day. The NZSE-40 capital index lost 18.74 to 2,036.20 in turnover worth NZ\$157m.

Volume was the highest seen in several months, but brokers explained that there had been a degree of duplication as a portfolio had been sold to one Wellington-based broker, who sold to clients and on to the open market.

BANKOK fell back on profit-taking amid expectations of higher interest rates. The SET index surrendered 21.58 to 1,342.01 in moderate turnover of B\$488m.

Banks and finance issues dominated trading but most falls were limited. The bank and finance sectors retreated 1.72 and 2.51 per cent respectively. The two accounted together for B\$466m turnover.

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WEDNESDAY JULY 20 1994									
NATIONAL AND REGIONAL MARKETS	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	Gross Div. Yield	Local Index
Australia (68)	174.93	0.5	167.44	108.21	142.34	158.01	0.1	3.48	174.08
Austria (17)	188.17	-0.8	180.11	117.47	153.22	183.12	-0.2	1.04	180.67
Belgium (27)	171.67	-0.5	164.31	107.17	139.78	136.61	0.2	4.05	172.45
Canada (106)	127.57	-0.3	122.10	79.84	103.87	127.82	-0.2	2.85	127.91
Denmark (53)	272.28	0.4	260.61	169.08	221.70	227.75	0.3	1.30	271.24
Finland (24)	151.90	-0.3	151.90	90.97	128.22	132.78	0.2	6.28	150.20
France (97)	175.84	-0.6	169.31	109.77	143.18	147.08	-0.2	3.03	175.85
Germany (58)	144.85	-0.2	138.64	90.43	117.94	117.94	0.4	1.75	145.13
Hong Kong (16)	373.11	0.7	357.13	232.82	303.61	370.04	0.7	3.21	370.67
Ireland (14)	201.90	0.6	183.25	126.04	164.46	165.97	0.7	3.25	200.02
Italy (61)	95.01	1.6	84.24	54.84	71.69	102.54	1.7	1.43	95.24
Japan (48)	169.14	0.3	160.94	104.97	136.91	104.97	0.1	0.73	167.58
Malaysia (8)	475.35	0.6	454.59	296.78	387.07	474.81	0.8	1.72	471.46
Mexico (19)	1801.74	-1.2	1820.28	1187.21	1548.48	1707.61	-1.1	1.89	1824.78
Netherlands (27)	207.24	-0.1	198.26	125.38	185.75	186.19	0.6	3.42	207.68
New Zealand (14)	69.26	2.0	66.28	43.23	56.38	61.10	1.6	3.81	67.00
Norway (2)	205.83	0.7	197.01	128.49	167.80	181.04	1.1	1.73	204.41
Portugal (4)	248.56	1.1	231.72	136.36	282.20	241.29	1.1	1.75	242.88
South Africa (59)	238.92	0.6	278.54	180.37	235.29	235.29	0.6	2.22	280.71
Spain (42)	142.27	-1.1	136.16	86.82	115.85	139.15	-0.6	4.14	143.83
Sweden (36)	215.34	-0.3	206.11	134.43	175.34	247.55	-0.6	1.82	215.95
Switzerland (47)	158.42	0.9	151.64	99.90	128.00	130.04	1.6	1.87	158.93
United Kingdom (204)	194.24	-1.1	188.01	121.32	136.24	185.01	-0.4	2.42	190.48
USA (519)	164.35	-0.5	176.45	115.09	150.17	164.35	-0.5	2.81	165.19